United Nations

Report of the International Civil Service Commission for the year 1999

Twenty-fifth annual report

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Fifty-fourth Session
Supplement No. 30 (A/54/30)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

UPU	**Universal Postal Union**
WFP	**World Food Programme**
WHO	**World Health Organization**
WIPO	**World Intellectual Property Organization**
WMO	**World Meteorological Organization**
WTO	**World Trade Organization**

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world equal those shown in this scale.
Best practice	An innovative policy, strategy, programme, process or practice that has a demonstrated positive impact upon performance, is currently being used by at least one major employer, and is relevant and applicable to others.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "Highest paid civil service" and "Noblemaire principle".
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it in the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Employment cost index (ECI)	Under the Federal Employees' Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.
Federal Employees' Pay	The Federal Employees' Pay Comparability Comparability Act (FEPCA) Act (1990), passed by the United States Congress, whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.

General Schedule	A 15-grade salary scale in the comparator civil service, covering the large majority of staff members.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "Comparator" and "Noblemaire principle".
Locality-based pay	Under FEPCA, the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994–2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration "margin".
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "Comparator" and "Highest paid civil service".
Pay index	An index indicating the amount of remuneration (base salary plus post adjustment) paid at a duty station as a percentage of net base salary. If the multiplier at a duty station is 20, then the pay index is 120. For a duty station where only the net base salary is paid (i.e., multiplier 0), the pay index is 100.
Pensionable remuneration	The amount used as the basis for effecting contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund (UNJSPF). Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.

Performance-related pay	Generic term for linking pay to performance. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance pay/pay for performance/variable pay: adjustments are made to base pay using a "comparatio" to define the size of the annual increase at the organization level. Supervisors are required to rate their staff on performance over a defined period of time according to previously defined performance levels. A matrix is used to define actual increases applicable to each performance level. Lump-sum bonus: may be a variable percentage of base salary or a fixed amount; payable either to an individual or to a group of individuals; may be pensionable or non-pensionable.
Place-to-place survey	Survey to compare living costs between a given location and the base city, at a specified date.
Points of purchase	Shops or outlets where consumer goods and services are purchased by the reference population.
Post adjustment classification	Post adjustment classification is based on the cost of (post adjustment multiplier) living as reflected in the respective post adjustment index for each duty station. The classification is expressed in terms of multiplier points. Staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay. The pay index at this duty station would be 100 + 5 or 105.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Senior Executive Service (SES)	In the comparator (United States) service, a Senior Executive Service was created as a separate personnel system for senior managers who administer programmes at the highest levels of the federal Government. There are six pay levels but no grades in SES.
Separation payments	Upon separation from service, staff may receive compensation for one or more of the following: accumulated annual leave, repatriation grant, termination indemnity, death grant.
Simulation	A technique used to analyse the operation of a system by duplicating its behaviour experimentally. Inferences about the actual operation of the system may be drawn by constructing a model of the system and experimenting with its operation.
Single rate salaries	Net salaries determined for staff without a primary dependant.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is an internal United Nations form of "taxation", and is analogous to taxes on salaries applicable in most countries.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents etc.) in the tax systems of a number of countries.

Tax Equalization Fund	A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members.
Time-to-time adjustment	Context: post adjustment index. Post adjustment indices resulting from place-to-place surveys (see above) are adjusted on a "time-to-time" basis between such surveys to account for inflation and currency fluctuations.

Letter of transmittal

11 August 1999

Sir,

I have the honour to transmit herewith the twenty-fifth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) M. **Bel Hadj Amor**
Chairman

His Excellency Mr. Kofi **Annan**
Secretary-General of the United Nations
New York

Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference

Remuneration of the Professional and higher categories

Base/floor salary scale

79 The International Civil Service Commission decided to recommend to the General Assembly, for implementation effective 1 March 2000:

(a) The revised procedure for determining the base/floor salary scale outlined under annex III to the present report;

(b) The staff assessment scale for those receiving remuneration at the dependency rate shown in section A of annex IV to the present report. Staff assessment amounts at various grades and steps for those receiving remuneration at the single rate would be determined in accordance with the procedure outlined in section B of the same annex;

(c) The base/floor salary scale contained in annex V to the present report, reflecting the recommendations in (a) and (b) above. The recommended base/floor salary scale is 3.42 per cent higher than the current scale for the Professional and higher categories of staff, and should be implemented by consolidating 3.42 per cent of post adjustment on a no-loss/no-gain basis.

Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

Remuneration of the General Service and other locally recruited categories

As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted a survey of best prevailing conditions of employment for the General Service and related categories of staff at Paris. It recommended the salary scale based thereon (see annex VI to the present report) to the Director-General of the United Nations Educational, Scientific and Cultural Organization.

Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

(For all sources of funds)

Paragraph reference

Remuneration of the Professional and higher categories

Base/floor salary scale

78 The financial implications associated with the recommendations of the International Civil Service Commission regarding the revised base/floor salary scale contained in annex V of the present report for the Professional and higher categories of staff effective 1 March 2000 are estimated at $3,136,860 per annum, systemwide. For the 10 months of 2000, the corresponding financial implications are estimated at $2,614,050.

Remuneration of the General Service and related categories

Survey of best prevailing conditions of employment for the General Service and related categories at Paris

118 As part of its consideration of the Paris survey, the Commission decided that the 5 per cent impact of changes in the French taxation system should be phased in over a period of time. With the complete phase-out of the adjustment of this factor, reductions in expenditures amounting to some $2.2 million per annum are anticipated.

Chapter I
Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date, 12 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances. One other organization, although not having formally accepted the statute, participates fully in the Commission's work.

B. Membership

3. The membership of the Commission for 1999 is as follows:

Mohsen Bel Hadj Amor (Tunisia)*** Chairman
Eugeniusz Wyzner (Poland)*** Vice-Chairman
Mario Bettati (France)**
Alexei Fedotov (Russian Federation)*
Turkia Daddah (Mauritania)***
Corazon Alma G. De Leon (Philippines)*
Humayun Kabir (Bangladesh)*
Lucretia Myers (United States of America)**
João Augusto de Médicis (Brazil)**
Ernest Rusita (Uganda)*
José R. Sanchís Muñoz (Argentina)***
Alexis Stephanou (Greece)**
Wolfgang Stöckl (Germany)***
Ku Tashiro (Japan)**
Elhassan Zahid (Morocco)*

* Term of office expires 31 December 2000.
** Term of office expires 31 December 2001.
*** Term of office expires 31 December 2002.

C. Sessions held by the International Civil Service Commission and questions examined

4. The Commission held two sessions in 1999: the forty-ninth, which took place from 12 to 30 April at the United Nations Office at Geneva, and the fiftieth, which took place from 19 to 30 July at United Nations Headquarters.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Forum on human resources management

6. The Commission organized its second forum on human resources management from 16 to 18 July 1999 at Glen Cove, New York. Its theme was the relevance of the international civil service in the coming millennium in the context of the reform in which the organizations of the common system are currently engaged. Members of the Commission, its secretariat and representatives of the organizations participated in the forum. The scene was set by two invited speakers, one from the private sector, who discussed the 10 most debated human resources issues in large companies today, and another from a national civil service (Brazil) which was currently involved in reforming its structure and the role of its civil servants.

7. After two days of informal exchanges and brainstorming, the group elaborated a vision for the future of the international civil service and made recommendations as to how to implement that vision. These included smaller, more focused organizations, more responsible and flexible staff, the broader use of information technology (which was seen as a necessary tool for managers as well), more outsourcing of ad hoc needs, and a greater capacity to coordinate and decide on issues that are increasingly common across organizations. Implementation of this vision involved reinforcing pride in a common culture, providing training to enhance technological skills, changing behaviours to encourage team work and team results, strengthening a results-oriented management culture, recruiting staff with the new profiles to meet emerging needs, and general streamlining of procedures and processes.

8. The Group also drew some conclusions on ways to enhance inter-agency mobility which would be picked up in the context of the study on mobility requested by the General

Assembly. The overall conclusions of the Forum were summarized and made available to participants.

E. Subsidiary body

9. In its second annual report, the Commission had reported to the General Assembly that its Advisory Committee on Post Adjustment Questions (ACPAQ) will consist of six members, including one member of the Commission, who would be ex-officio Chairman.[1] Since 1986 and until his death in March 1999, ACPAQ was chaired by Carlos Vegega, Vice-Chairman of the Commission. At its fiftieth session, the Commission unanimously decided to appoint its Vice-Chairman, Eugeniusz Wyzner (Poland), as the Chairman of ACPAQ. The other five members of the Committee are: John Astin (United Kingdom of Great Britain and Northern Ireland); Edmundo Berumen-Torres (Mexico); Youri Ivanov (Russian Federation); Yuki Miura (Japan) and Emmanuel Oti Boateng (Ghana).

F. Commission's programme of work for the biennium 2000–2001

10. At its summer 1999 session, the Commission considered its programme of work for the 2000–2001 biennium and decided to place on its agendas the issues outlined under annex I to the present report. The Commission noted that in 2000, the items on its fifty-first and fifty-second sessions dealing with salaries, allowances and benefits were of a routine nature, requiring updates and/or monitoring of some of the elements of the remuneration packages applicable to the two broad categories of staff. Some of the items dealing with remuneration matters on the proposed agendas for the fifty-third and fifty-fourth sessions, in 2001, would involve complex studies regarding the application of the Noblemaire principle. The Commission proposed placing greater emphasis on human resources management issues during the next biennium.

Chapter II
Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

11. The Commission considered documentation covering General Assembly resolution 53/209 of 18 December 1998 on the common system, relevant parts of Assembly resolution 53/210 of the same date on the Pension Fund and the Assembly's action regarding the appointment of members of ICSC. In addition, Assembly resolution A/53/221 of 7 April 1999 on human resources management in the United Nations, adopted by the Assembly at the resumed fifty-third session, was brought to the attention of the Commission.

12. The Commission was also provided with the details of the ICSC Chairman's presentation of the twenty-fourth annual report of the Commission,[2] the general debate thereon in the Fifth Committee and the informal consultations among Member States leading to the adoption of the consensus resolution on the common system. Summaries of statements made by various Member States during the general debate were also provided in the secretariat document.

13. It was brought to the attention of the Commission that General Assembly resolution 53/209 on the United Nations common system dealt with a number of issues that would have an impact on the future programme of work of ICSC. These covered, *inter alia*, the Noblemaire principle and its application; dependency allowances for the Professional and higher categories of staff; operation of the post adjustment system, in particular the issue of the post adjustment at Geneva; recognition of language knowledge; and the framework for human resources management. It was also noted that the part of the resolution dealing with the issue of the treatment of expatriation was not very clear, and the Commission might therefore wish to seek further clarification thereon from the Assembly.

14. Details were provided on various resolutions and/or decisions adopted by the governing bodies of the organizations of the common system that could be of interest to the Commission. In that context, the resolutions/decisions adopted by the United Nations, the International Civil Aviation Organization (ICAO), the International Labour Organization (ILO), the International Telecommunication Union (ITU), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations

Industrial Development Organization (UNIDO), the World Health Organization (WHO), the World Intellectual Property Organization (WIPO) and the World Meteorological Organization (WMO) were brought to the attention of ICSC.

15. In section V, paragraph 26, of its most recent resolution on human resources management in the United Nations (resolution 53/221), the General Assembly had requested ICSC to prepare a study on the question of fixed-term contracts in the United Nations, taking into account the needs and interests of the Organization and current trends in personnel management (see para. 18 below).

Views of the organizations

16. The Chairman of the Consultative Committee on Administrative Questions (CCAQ) informed the Commission that the organizations had no specific comments regarding the various issues covered in the latest common system resolution, except as regards the issue of the Geneva post adjustment. The organizations were of the view that the Commission had carried out an exhaustive study of issues surrounding the matter, and if ICSC wished to revert to the question it should study it in the context of an overall review of the operation of the post adjustment system.

17. The representative of the ILO was of the view that should a further review of the post adjustment system be undertaken, as seemed to be envisaged by the wording of Assembly resolution 53/209, this should be carried out within the framework of a comprehensive examination of the entire pay determination arrangements governing the international civil service.

18. The representative of the United Nations, referring to the latest General Assembly resolution on human resources management, stated that the Assembly's request to the Secretary-General on the dual-track system of career and non-career appointments and the related request to the Commission for a study on fixed-term contracts were only two of many requests that were made of the United Nations. The Organization's response to the Assembly on those studies would be submitted during its fifty-fifth session, and the United Nations Secretariat would coordinate its activities with the ICSC secretariat.

Discussion by the Commission

19. The General Assembly, in section I.G of its resolution 53/209 of 18 December 1998, requested ICSC, in the context of its preparation for the next round of place-to-place surveys, to conduct a comprehensive review of the post adjustment system as a whole with a view to its reform, and to ensure that the post adjustment at each duty station, with particular emphasis on headquarters duty stations, was fully representative of the cost of living of all staff members in the Professional and higher categories working at each duty station. Although the request was worded in general terms, it was presented in the context of the post adjustment at Geneva.

A. Post adjustment at Geneva

20. On four past occasions, i.e., in 1993, 1995, 1996 and 1997,[3] the General Assembly had requested the Commission to review the issue of the post adjustment at Geneva to ensure that it was fully representative of the cost of living of all staff working at the duty station. The Commission examined the issue in 1995, 1996, 1997 and 1998, and reported its conclusions to the Assembly in its annual reports for those years.[4] The responses of the Commission were based on extensive consultations and studies in the context of which it had sought advice from ACPAQ, its expert technical body on post adjustment, and the views of a legal consultant and several legal experts, the Legal Counsel of the United Nations and the legal advisers of the organizations. On each occasion, the Commission had concluded that any change to the methodology for the establishment of the Geneva post adjustment index had attendant legal, technical and administrative difficulties, and that they militated against the changes envisaged by the Assembly to the Geneva post adjustment index calculation.

21. The Commission's review of the issue focused on the following four options:

(a) Establishment of a single post adjustment index based on prices at Geneva and the bordering areas in France;

(b) Establishment of two separate post adjustment indices, one based upon Geneva prices and the other based upon prices in the bordering areas in France;

(c) Establishment of a single post adjustment index based on the comparison of prices of goods and services at Geneva with those applicable in Manhattan only;

(d) Maintenance of the status quo.

1. Maintenance of the status quo

22. The Geneva-based organizations expressed a unanimous view favouring maintenance of the status quo, i.e., the post adjustment at Geneva would continue to be calculated on the basis of prices of goods and services at Geneva only, the duty station of assignment. The Geneva-based organizations considered that all other options would result in the unequal treatment of staff, and would entail the

legal and administrative difficulties described below. Any advantage gained by staff living in France and receiving the same post adjustment as those living at Geneva would be offset by the inconveniences and uncertainties caused by crossing an international border; they included the ever-present threat of taxation of staff living in France, restrictions on the import of certain goods, the requirement to declare imported goods and the difficulties and delays involved in daily border crossings.

2. Establishment of a single post adjustment index based on prices at Geneva and the bordering areas in France

23. With respect to the establishment of a single index based on pricing surveys conducted where staff live (i.e., in the city of Geneva and contiguous areas of France), the legal opinions stated that it could be overturned by the Administrative Tribunals on the ground that it violated the principle of equal treatment. It was recalled that some staff members were precluded by law from living in France and could not therefore benefit from the perceived lower prices offered in that country, while others were encouraged not to do so since France was not a party to the Convention on the Privileges and Immunities of the Specialized Agencies and staff were therefore not protected. If staff were prevented from living in an area but had their post adjustment calculated by reference to costs in that area, a violation of the principle of equal treatment, that is, the opportunity to enjoy an equal standard of living for equal work, could be involved. The existence of a national border that surrounded the duty station at close proximity made Geneva a distinct situation; it could not be compared to living in a different suburb or state, as, for example, Manhattan, New York. Any methodology for the establishment of a post adjustment index must take this unique situation into account. A decision to implement a single post adjustment index would be based upon fundamental errors of fact as set out above.

24. Another legal impediment raised by the organizations related to the definition of the duty station. The current legal framework provided disparate definitions of the area of the Geneva duty station. There was therefore a need to harmonize the organizations' staff rules and regulations as regards the definition of the area of the duty station before any changes were brought to the existing system. Such action was, in their view, not within the Commission's authority.

25. The financial cost and disruption that would result from the introduction of the new system if staff representatives challenged its legality before both Administrative Tribunals was also an important consideration. There would be costs associated also with the implementation of transitional measures which would be needed to ensure that the introduction of the new system did not violate acquired rights of staff.

26. The implementation of a single post adjustment index might also entail political difficulties. Refusal by the organizations to implement the new index could jeopardize the common system.

27. The Commission recalled that ACPAQ had studied the matter and requested the report of an outside consultant. It had subsequently informed the Commission of the technical and administrative difficulties in implementing a single index, including the establishment of points of purchase, price aggregation, the interplay of different currencies and different inflation rates. There might also be difficulties in dealing with cross-border purchases involving customs duties payable by some categories of staff and not by others, limitations on food items and value of other goods that might be imported tax-free etc.

3. Establishment of two separate post adjustment indices

28. The organizations pointed out that some of the legal objections raised above also applied to the establishment of two separate post adjustment indices. That system would also require the organizations to change the definition of their duty station in regulations and rules.

29. Another legal objection raised by the organizations was that the implementation of two indices would violate the equal pay for equal work principle since staff members doing the same work would be remunerated differently. Staff would view this as a discriminatory practice, and its consequent effect on morale could be significant.

30. The implementation of two levels of post adjustment based on residency for staff working at the same duty station would be tantamount to dictating to staff where to reside, since their salary would depend upon their place of residence. There was therefore the concern that this might violate their right to choose where to live. A dual post adjustment system would also require verifying the actual residence of staff. This could constitute a serious administrative burden, which would be difficult to implement since it could be regarded as offensive and intrusive.

4. The Geneva/Manhattan comparison

31. A proposed option, which had not been pursued, was to make New York comparable to Geneva by changing the

methodology to collect prices in Manhattan only. The Commission considered that adjusting the methodology in this way could affect many other duty stations; because all duty stations were measured by reference to New York, the base, the exclusive use of Manhattan prices would result in raising the base of the system and would have worldwide implications. If, moreover, the Manhattan index were used for Geneva only, it might lead to demands that it be used at other places.

5. Other considerations

32. The Commission noted that on the legal issues regarding the establishment of two separate post adjustment indices and the Geneva/Manhattan comparison as set out above, the views expressed by its Legal Consultant and the United Nations Legal Counsel differed from those submitted by the organizations.[5] However, it wished to point out that the latter were also of the opinion that a single post adjustment system that took into account prices in the bordering areas in France could be struck down by the Administrative Tribunals on the ground that it violated the principle of equality because some staff members were precluded from living in France.

33. It was also important to bear in mind that owing to a number of factors, the situation of the extremely high post adjustment at Geneva relative to the base had narrowed considerably since the request on the matter was first made to the Commission. The differential had disappeared; the pay indices of New York and Geneva were 143.0 and 143.2, respectively. In view of this latest development in the post adjustment relativity between Geneva and the base of the system, it was felt that there was no benefit to be derived in pursuing the matter further.

B. Review of the post adjustment system

34. In the context of the General Assembly's request that the Commission should conduct a comprehensive review of the post adjustment system as a whole, with the assistance of independent experts, if necessary, the Commission decided to inform the Assembly that it had carried out comprehensive reviews of the post adjustment system on a number of occasions in the past, notably in 1981, 1989, 1994/95 and most recently in 1996. Those periodic reviews had been undertaken as part of the Commission's responsibilities, under article 11 of its statute, for the establishment of post adjustment classifications of duty stations. The Commission had been assisted in those reviews and the ongoing operation of the post adjustment system by ACPAQ, which provides the Commission with expert statistical advice, including recommendations for changes in the post adjustment system, as appropriate. The current membership of this Committee is made up of either current or former heads of the national statistical agencies of Ghana, Japan, Mexico, the Russian Federation and the United Kingdom of Great Britain and Northern Ireland.

35. Some of the reviews referred to above were carried out by working groups established by the Commission, which included some of its members as well as other outside experts. In the latest review, conducted only three years ago in 1996, the working group included outside experts, among whom were the Chief of the Measurement Development Division, United States Department of State; the Chief of Government Allowances, Indexes Section, Statistics Canada; the Head of the Price Comparison Unit, Statistical Office of the European Communities (Eurostat); and the Head of Compensation Services, Foreign Ministry of the Government of Germany. The working group had carried out a thorough examination of the operational aspects of the post adjustment system and its recommendations had led to decisions by the Commission thereon, which had been endorsed by the General Assembly in section I.E of its resolution 51/216 of 18 December 1996. All reviews of the post adjustment system carried out by the Commission provided opportunities for streamlining the system and addressing abnormalities specific to a duty station.

C. Conclusion

36. With respect to the issue of the Geneva post adjustment, the Commission has made a conscientious effort, based upon thorough and exhaustive studies of the matter, to respond to the repeated requests of the General Assembly regarding this matter. While technical solutions to resolve the Geneva post adjustment issue are feasible, the administrative and legal difficulties associated with them are beyond ICSC's mandate. The Commission continues to believe that the existence of a national border in close proximity to the duty station makes Geneva a distinct situation which justifies the current post adjustment system, which was tailored to reflect that difference; the legal, administrative, and technical difficulties associated with any of the above-described changes to the current arrangement militate strongly against implementation of those changes. Because many aspects of this matter go beyond the Commission's mandate, particularly the definition of the duty station, it has requested the General Assembly, in consultation with the governing bodies of the organizations, to take action in this regard. As stated above, the wide gap

between New York and Geneva post adjustments has practically been closed. In the current circumstances and after careful consideration of all the factors outlined above, the Commission has concluded that there is no point in pursuing the matter further.

37. Regarding the post adjustment system as a whole, it is the view of the Commission, itself comprised of independent experts appointed by the General Assembly, that periodic reviews and refinements of the post adjustment system are necessary. However, if the post adjustment system is to continue to be responsive to developments in the world economy and the changing needs of the common system, it should, as a system dealing with remuneration, be transparent, stable and predictable. The Commission therefore believes that the post adjustment system should be allowed to function for a meaningful period of time so that any future review will take place on the basis of experience with its operation. Only in this way will it be possible to truly improve the system.

Chapter III
Conditions of service of the Professional and higher categories

A. Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system

38. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of the employees of the United States federal civil service in comparable positions in Washington, D.C. (hereinafter referred to as "the margin").

Views of the organizations

39. The Chairman of CCAQ took note of the margin estimate. He noted further that the salary increases granted to the federal civil service employees of the United States were higher than current inflation and also higher than those for the United Nations staff at New York. As a result, the margin could go to a level of 111 or lower in the near future. At the same time, he recalled that the Administrative Committee on Coordination had expressed concern on a number of occasions about the uncompetitive salaries and low levels of the margin at the senior managerial levels (P-5, D-1 and D-2). If the margin were to reach a level of 111 or lower, a recommendation for a real salary increase would be required. In that event, the proposal for the salary increase should be formulated in such a way as to alleviate the problem of margin imbalance by recommending a differentiated increase. Preliminary studies to explore various possibilities in that regard should be undertaken well in advance. On a separate matter, the organizations considered that in the annex providing the details of margin calculations, a column should be added showing United Nations/United States remuneration ratios at individual grade levels after the adjustment for the New York/Washington, D.C., cost-of-living differential.

40. The representative of the United Nations endorsed the proposal from CCAQ for the addition of a column showing net remuneration ratios adjusted for cost-of-living differential. In that regard, he noted that in the past when the matter had been considered by the General Assembly several Member States had asked for this information.

41. The representative of ICAO noted that in many instances, the nominal salary levels for United States federal civil service employees were higher than those offered by ICAO for its staff. As an example, he noted that recently a United States federal civil servant had been offered a job at the level P-4/step I. In that particular case, the salary offered by ICAO was significantly lower than what the individual was earning in Washington, D.C.

Views of the staff representatives

42. The President of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) stated that the documentation before the Commission concentrated on the analysis of margin calculation without addressing the main issue of ensuring that the Noblemaire principle was fully implemented, thereby providing the organizations with a competitive edge to recruit and retain the most qualified staff. United Nations salaries had eroded over time, while at the moment salaries in the United States federal civil service were increasing at a level higher than inflation. United Nations salaries, on the other hand, had only been adjusted to reflect cost of living at the base of the system. To illustrate the point further, she noted that effective 1 January 1999 the comparator had granted a 3.6 per cent increase in United States federal civil service salaries. A further increase of approximately 4.8 per cent was anticipated effective 1 January 2000. However, during that period the United Nations Professional staff would be receiving only a small increase to account for the movement of cost of living at the base of the system, bringing the

margin level down to a figure close to 110. United Nations salaries would stand far below the mid-point of the margin range.

43. She recalled that since 1995, based on a study by the Commission, it had been established that the best comparator was no longer the United States federal civil service. That decision had not been accepted for technical reasons. Given the low rate of retention in the system and the difficulties being faced in filling the existing and growing vacancy rates in the system, it was time for the Commission to deal with this predicament constructively and with an open mind. This would assist the organizations, in the long run, in maintaining their competitive edge, thereby enabling them to attract the most qualified and competent staff to discharge the burgeoning challenges and demands. In the light of the above, CCISUA requested the Commission to address the issue on a priority basis since current disparities had grown out of proportion.

Discussion by the Commission

44. The General Assembly had been informed in the past that the adjustment of federal employees' salaries was based on the comparator's Federal Employees' Pay Comparability Act (FEPCA) of 1990. The FEPCA legislation was designed to close the existing pay gap between public and non-public sector salaries, on a gradual basis, by 2002. For purposes of margin calculations, Washington, D.C., the base of the United States federal civil service, is used as a reference point. Under the provisions of FEPCA, the salary adjustment for 1999 covering the employment cost index and locality pay for the Washington, D.C., area would have been 13 per cent. However, as in the past, the United States had submitted an alternative proposal under a provision of FEPCA, citing economic conditions and budgetary considerations. The actual year-to-year (1999 over 1998) increase on a gross basis for Washington, D.C., taking into account both the employment cost index and locality pay adjustment, was 3.68 per cent (3.42 per cent net; see para. 54 below) effective 1 January 1999.

45. The departures from adjustments specified under FEPCA have become an issue in recent United States congressional debates. The United States Congress signalled its intentions to engage in a broad review of the federal pay-setting law when it requested the Administration to produce by May 1999 a report on its views on the 1990 law. That report was to lay the groundwork for congressional hearings on the pay law, whose comparability formula currently indicated that a raise of approximately 13 per cent was needed to get the gap-closing schedule back on track. The United States Congress might try to create a new system that better balances the political realities with statistical measures. The outcome of the United States congressional debates would be reported to the General Assembly in future reports. Meanwhile, it was anticipated that United States federal employees would receive an increase in pay of 4.4 to 4.8 per cent in 2000.

46. It was noted that there had been no change in the remuneration of United Nations staff in New York since the last post adjustment increase of 2.7 per cent, which went into effect as of 1 November 1998. On the basis of the latest information, it was anticipated that a post adjustment increase of approximately 4 per cent would become applicable for New York staff as of 1 November 1999.

47. The Commission noted that on the basis of the approved methodology and the available information as at the end of July 1999, the net remuneration margin for 1999 was estimated at 114.1.

48. As regards the broader issues raised by CCAQ and CCISUA, the Commission shared their concerns regarding the low levels of margin at the senior levels.

49. Focusing on the issue of the low levels of margin at the senior managerial levels, the Commission recalled that while an attempt had been made to find a solution to the problem of margin imbalance on a "cost-neutral basis", that proposal was not acceptable to the organizations, staff and most members of the Commission since it would have corrected the problem of low levels of margin at the senior levels by holding back a part of future remuneration increases for those at the lower levels (see paras. 56 to 58 below).

50. There was general agreement that bearing in mind the imbalance in the margin levels, a recommendation for a differentiated salary increase by grades would need to be submitted to the General Assembly at the time of any future recommendation for a real salary increase. Members agreed with the CCAQ proposal to undertake studies to explore alternatives for such a differentiated increase well in advance of a recommendation to the Assembly for a salary increase. It was recalled that CCISUA had considered that all staff must receive a certain minimum increase before the differentiated salary increase approach could be pursued for correcting the margin imbalance. It was important that the views of all parties were taken into account in any recommendation that was submitted by the Commission. The Commission agreed that its secretariat, CCAQ and the representatives of staff bodies should discuss the issue further with a view to formulating alternative proposals for consideration by the Commission at its spring 2000 session.

51. One member of the Commission was of the view that in the context of the framework for human resources

management, an examination of the remuneration package had been proposed as a first priority, and that the study proposed by CCAQ could be undertaken as part of that review. It was noted, however, that a detailed study of the remuneration system would primarily focus on structural changes and would take time to complete. In the meantime, the problem of the margin imbalance could be resolved over a short period of time.

52. The Commission agreed, in accordance with the CCAQ proposal, to add to the annex providing the details of margin calculations a column showing United Nations/United States net remuneration ratios adjusted for the New York/Washington, D.C., cost-of-living differential, and to use the revised format for reporting to the General Assembly.

Decisions of the Commission

53. The Commission decided:

(a) To report to the General Assembly the margin forecast of 114.1 between the net remuneration of the United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period 1 January to 31 December 1999. Details of the margin calculations in the revised format (see para. 52 above) are contained in annex II;

(b) To inform the Assembly that again in 1999 the comparator had not fully implemented FEPCA pay reforms; however, there were indications that future adjustments to the salaries of the comparator employees could be higher than those in the past;

(c) That its secretariat, CCAQ and representatives of staff should discuss the imbalance in the margin levels with a view to formulating alternative proposals that would be available to the Commission before its recommendation on a real salary increase.

B. Base/floor salary scale

54. The Commission addressed three separate issues relating to the base/floor salary scale. Effective 1 January 1999, the General Schedule salary scale for the United States federal civil service in Washington, D.C., the current comparator, was increased by 3.68 per cent on a gross basis. That had resulted in a net increase of 3.42 per cent for the comparator officials at the GS-13/GS-14 levels, the reference point for comparisons between the General Schedule and the common system base/floor scale. In accordance with past practice, that would call for an upward adjustment of the common system salary scale by 3.42 per cent.

55. It was noted that as part of the annual adjustments of the base/floor salary scale on a "no-loss/no-gain" basis, the staff assessment rates for those receiving salaries at the single rate had to be adjusted. This was a time-consuming process, and in the end some losses or gains were nevertheless experienced by staff members receiving salaries at the single rate. An alternative to the procedure that had been used in the past that would not only simplify the process but would also eliminate all losses and gains, irrespective of dependency or single status, was proposed for the consideration of the Commission.

56. The problem of low levels of margin at grades D-1 and D-2 was also addressed. Some Member States and some members of the Commission had expressed the view that while at the D-1 and D-2 levels the margin was relatively low, at the P-1 to P-3 grades it was significantly higher than the desirable mid-point of 15 per cent. They had therefore suggested that the margin at the D-1/D-2 grades be improved on a cost-neutral basis by reducing the margin levels at the P-1 to P-3 levels. In this regard, the Commission considered the proposal described below.

57. As will be noted from paragraph 54 above, a 3.42 per cent adjustment to the base/floor salary scale is called for under the existing procedure approved by the General Assembly. Under the proposal to address the problem of margin imbalance, net base/floor salaries at the dependency and single rates at the various grades would be increased by (a) 7 per cent for D-2s, (b) 9 per cent for D-1s, (c) 3.42 per cent for P-4s and P-5s, and (d) 1.42 per cent for P-1 through P-3s. Revised gross base/floor salaries at each grade and step would be obtained by applying, in reverse, the dependency rate of staff assessment to the revised net salaries obtained above.

58. When the base/floor salary scale emerging from the application of the procedure outlined above is implemented in conjunction with a consolidation of post adjustment of 3.42 per cent, staff at the D-2 and D-1 levels would receive real increases in salaries amounting to 3.5 per cent and 5.4 per cent, respectively. Those at the P-4 and P-5 levels would experience no losses or gains in their remuneration, while those in grades P-1 to P-3 would experience a drop of 2 per cent in their remuneration. The real salary increase received by D-1s and D-2s would improve margin at those levels by bringing it to around 10 per cent. To compensate for the drop in remuneration for those in grades P-1 to P-3, personal transitional allowances (PTA) would be

established. The PTAs would be phased out over a period of time, thereby reducing the margin at these levels.

Views of the organizations

59. The Chairman of CCAQ noted that the suggested updating of the base/floor salary scale was a routine matter, and supported the proposed increase of 3.42 per cent effective 1 March 2000. As to the proposed revision of the process for adjusting the base/floor scale and the attendant revision of the staff assessment scale for those without dependants, the organizations endorsed the revised procedure. The Chairman pointed out that the proposed change in the way the net salaries for those with and without dependants would be determined in the future would render payroll processes simpler and obviate the need for the organizations to answer queries from many staff members.

60. The third issue raised, namely, that concerning the suggested procedure to address low margin levels at the D-1 and D-2 levels, was a complex one. The organizations had for some time expressed concern at the significant differences between margins at individual grade levels. While they were grateful for the attempt made by the ICSC secretariat to find a solution to the problem, they could not agree with one of the underlying premises in the document, namely, the overriding concern for cost-neutrality. In all discussions in the past regarding the issue, the general view had been expressed that an upward adjustment to the pay levels at the D-1 and D-2 grades would only be possible at the time of an across-the-board real increase in the salary scale. The comparator's increase of 3.42 per cent on 1 January 1999 and the anticipated increase on 1 January 2000 would be higher than the cost-of-living movement in New York. As a result, the overall United Nations/United States margin would decrease and move close to 110. In that event, the Commission would be required to make a recommendation to the General Assembly for a real increase, at which time the question of the adjustment of the margin at the D-1/D-2 levels could be addressed.

61. As to the proposal to reduce the pay levels at grades P-1 to P-3 over time, it was noted that a number of organizations were still making use of the P-2 as an entry-level grade. A significant number of staff members were working in the system at the P-3 level. The organizations could not tolerate any reduction in the pay levels at those grades and could not therefore subscribe to the proposal. The proposal was not really cost-neutral as there would be costs associated with the transitional measures. On balance, CCAQ believed that the adjustment of the margin levels at the D-1/D-2 grades should be considered within the context of a real across-the-board salary increase.

62. The representative of the United Nations expressed support for the consolidation of 3.42 percentage post adjustment multiplier points into the base/floor salary scale effective 1 March 2000. He noted, however, that the increase of 3.42 per cent in the General Schedule of the comparator that had taken effect on 1 January 1999 and the expected increase for January 2000 would bring the margin closer to 110. That would in fact require a real salary increase in the common system scale to ensure that the Noblemaire principle would not be further eroded.

63. The United Nations also supported the recommendations for a simplified approach for revising staff assessment rates in conjunction with the base/floor salary scale. It did not, however, endorse the proposal for revising the profile of the scale. While the Administrative Committee on Coordination had recommended that the imbalances at the higher levels of the scale should be revised, it had never recommended that such action should be carried out by taking away from the lower levels of the scale. In fact, it was precisely at the lower levels that the United Nations was currently experiencing retention problems. Finally, the recommendation which indicated it was cost-neutral did not achieve such neutrality since the required implementation of personal transitional allowances at the lower levels would in fact result in additional financial implications.

Views of the staff representatives

64. The President of CCISUA recalled that ICSC had addressed the issue of the salary scale structure for the Professional and higher categories at its forty-second session (July/August 1995). At that time, CCISUA had presented a paper outlining some of the arguments regarding its approach to Professional remuneration, which continued to apply to date. In the documentation before the Commission, the idea of a differentiated treatment of salaries for the Professional and higher categories had been presented with no increase for some grades in the foreseeable future and a time-bound freeze for others, so as to meet the requirement of cost-neutrality. In other words, to achieve increases proposed at the D-1/D-2 grades, post adjustment increases for those in grades P-1 to P-3 would be withheld. CCISUA considered those proposals ill-advised, unfair and contrary to the current trends in attracting and retaining the most qualified young candidates at the lower grades. In the light of the recent exodus of junior Professionals to other sectors and the fact that the organizations were rapidly ageing, an upward adjustment in the common system remuneration package was called for so as to enable the organizations to keep their edge and avoid a further lack of competitiveness.

65. The President of CCISUA noted that from a 1995 all-time low, the margin levels at the D-1 and D-2 grades had steadily improved. Furthermore, several of the methodological changes for remuneration comparisons adopted by ICSC in 1995 had yet to be implemented. She expressed the hope that ICSC would recognize the demoralizing effect on staff members who would be adversely affected by a cost-neutral approach to improving margin levels at the D-1/D-2 grades.

Discussion by the Commission

1. Standard base/floor adjustment

66. The Commission noted that the proposed 3.42 per cent adjustment of the base/floor salary scale resulted from the application of an established mechanism and was in line with the salary scale adjustments implemented on the comparator side. The recommended revised scale would be implemented on a "no-loss/no-gain" basis by similarly reducing post adjustment by 3.42 per cent. This would therefore have no financial implications in terms of salaries (namely, base/floor salary plus post adjustment) except at a few duty stations with a post adjustment multiplier below 3.42.

67. In response to a question, it was explained that the periodic adjustment of the base/floor salary scale had no impact on the scale of pensionable remuneration, whose adjustment mechanism was tied to the movement of post adjustment at the base of the system, New York. Comprehensive reviews of the pensionable remuneration scale were carried out every five to six years.

68. It was noted that the implementation of the recommended scale would increase mobility/hardship allowance and separation payments. While noting that the related impact on those elements reflected prior decisions of the General Assembly, a few members expressed the view that the automatic adjustments in the mobility/hardship allowance resulting from its linkage with the base/floor salary scale might need to be re-examined more fully. In response to that observation, it was explained that the matter had been raised in the Assembly on several occasions; since the introduction of the mobility/hardship allowance in 1990, the Commission had reviewed the linkage on two separate occasions. On the recommendation of the Commission, the Assembly had agreed to maintain the linkage.

69. As to the linkage with the separation payment scale, it was explained that the recommendation to use the base/floor salary scale to determine separation payments (repatriation grant and termination indemnities) had been submitted by the Commission in 1989 following a comprehensive review of the conditions of service of the Professional and higher categories of staff. Prior to that, a separate scale with its own adjustment mechanism had been used for determining separation payments. As part of the effort to simplify the remuneration system, the Commission had recommended linking separation payments to the base/floor salary scale, and the General Assembly had agreed. In that context, one member, noting that the common system base/floor salary scale had been adjusted to reflect the comparator's salary increase after a 14-month gap, considered that that was unfair to those retiring from the common system during that period.

70. Members recalled that the General Assembly, in section II.C, paragraph 2, of its resolution 48/224 of 23 December 1993, had requested the Commission to review and, if necessary, recommend revised rates of staff assessment consequential upon changes in the base/floor salary scale. Given the level of the adjustment to the base/floor scale and information provided by the United Nations with respect to the Tax Equalization Fund, the Commission agreed that no revision of staff assessment rates was currently needed.

2. Simplified procedure for revising the single rates of staff assessment

71. The Commission noted that the process of determining the revised net base salaries for staff receiving remuneration at the dependency rate and the revised gross salaries on the occasion of consolidating a part of the post adjustment into base salaries on a "no-loss/no-gain" basis was a relatively simple one. However, the determination of the post consolidation net salaries for those receiving remuneration at the single rate was time-consuming, and some gains or losses were nonetheless experienced by staff in that category.

72. It was recalled that certain relationships had been established between net base salaries at the dependency and single rates when the differentiated approach to salaries to account for primary dependants was first introduced in 1977. As a result of successive consolidations of a part of post adjustment into base/floor salaries, while no losses or gains were experienced by staff receiving remuneration at the dependency rates, some such losses or gains had occurred randomly in the case of those receiving it at the single rate. However, that had not affected in a significant way the dependency-to-single-rate salary relationships established in 1977. In view of that, maintaining the current relationships at various grades and steps between the two sets of net salaries would not pose any difficulties.

73. The Commission noted that, with the adoption of the simplified procedure:

(a) On the occasion of the consolidation of a part of post adjustment, the process of determining net base salaries at the single rate would be rendered simpler;

(b) Losses and gains in salaries for those receiving remuneration at the single rate would be eliminated;

(c) The staff assessment scale used in conjunction with the base/floor salary scale would be simplified. The current scale, with two separate rates of staff assessment for those with and those without dependants and 12 assessable income brackets, would be eliminated. That would be replaced by a staff assessment scale for those with dependants consisting of four assessable income brackets and corresponding staff assessment rates;

(d) Staff assessment amounts for those without dependants at various grades and steps would be equal to the difference between the gross salary and the corresponding net single salaries in the scale to be approved by the General Assembly.

In view of the above, the Commission agreed that the revised procedure for determining the base/floor salary scale shown in annex III to the present report should be recommended to the General Assembly. The Commission noted that the change would require some amendments to the staff regulations of the organizations. It was noted from the comments of the organizations that such modifications would not, however, pose serious difficulties for them.

74. The Commission noted that on the basis of the current procedure, the staff assessment generated for the Professional and higher categories for all organizations and all sources of funds was estimated at $354.58 million per annum. Under the proposed procedure, the corresponding amount would be $354.87 million, a difference of less than $300,000 or 0.08 per cent.

3. Proposal for addressing the margin imbalance

75. Most members of the Commission were of the view that the problem of the low margin levels at the D-1 and D-2 grades needed to be addressed in a satisfactory manner since those were the senior managerial levels, and under the reform processes currently under way in the organizations of the common system, officials at those levels were called upon to bear significant additional responsibilities. However, the proposed solution was not appropriate since while it might solve the problem at the D-1/D-2 levels, it could create another one. They recalled that at the time of the comprehensive review in 1989, the organizations had made a case for improving salaries at the P-1/P-2 levels as the then-existing remuneration levels were inadequate to enable them to use those grades. Accordingly, as part of the across-the-board salary increase approved by the General Assembly effective July 1990, greater increases had been given to those at the lowest levels rather than to those at the highest. It was also recalled that during the intervening period, the organizations had made representations that they were having recruitment problems at the P-3/P-4 levels.

76. The Commission also recalled that on the basis of the statistics presented by some of the organizations to their respective governing bodies, almost 40 per cent of staff members would reach retirement or early retirement age by 2005. Coupled with that was the fact that increasing numbers of Professional staff members at grades P-1 to P-3 were resigning. Unless the salaries at the P-1 to P-3 levels were maintained at a competitive level, the organizations would face serious difficulties as they would not be in a position to recruit junior-level officials against vacancies resulting from retirements. Those members were therefore of the view that the proposal for improving the margin levels at the D-1/D-2 grades should be reformulated.

77. Drawing attention to the fact that since the early 1990s the General Assembly, in a number of its resolutions, had requested the Commission to submit appropriate recommendations to correct the imbalance in the level of the margin at certain grades, a member of the Commission indicated that it was time that a realignment of the grades was carried out. In her view, it was a matter of equity. She pointed out that managers were responsible for reform and were challenged with having to do more with less. She was of the opinion that an increase was essential in recognition of the D-1 and D-2 managerial responsibilities and to facilitate recruitment at those levels. At the same time, the inflated margin level at P-1 to P-3 should be addressed. Thus, she supported the proposal to apply the 3.42 per cent increase to the base/floor salary scale in differing percentages to bring it in line with the scale for the comparator civil service.

Financial implications

78. The Commission noted that the financial implications resulting from an adjustment of the base/floor salary scale by 3.42 per cent were estimated as follows:

	United States dollars
A. For duty stations with post adjustment that would otherwise fall below the level of the base/floor	362 813
B. Mobility/hardship allowance	2 260 227
C. Scale of separation payments	513 820
Total annual financial implications	**3 136 860**

Since the revised scale was proposed to be implemented effective 1 March 2000, the financial implications for the 10 months of 2000 were estimated at $2,614,050.

Decisions of the Commission

79. The Commission decided to recommend to the General Assembly, for implementation effective 1 March 2000:

(a) The revised procedure for determining the base/floor salary scale contained in annex III to the present report;

(b) The staff assessment scale for those receiving remuneration at the dependency rate shown in section A of annex IV to the present report. Staff assessment amounts at various grades and steps for those receiving remuneration at the single rate would be determined in accordance with the procedure outlined in section B of the same annex;

(c) The base/floor salary scale in annex V to the present report, reflecting the recommendations in (a) and (b) above and consolidating 3.42 per cent of post adjustment on a no-loss/no-gain basis.

C. Post adjustment matters

1. Preparations for the next round of cost-of-living surveys

80. The Commission, as part of its ongoing responsibilities under article 11 of its statute, considered the report of ACPAQ on the work of its twenty-second session. The Commission had reviewed preparatory activities relating to the next full round of cost-of-living (place-to-place) surveys planned for the year 2000 at headquarters duty stations and Washington, D.C., and submitted recommendations on certain methodological issues relating to the post adjustment index (PAI). The recommendations provided guidelines regarding further studies to be carried out by the ICSC secretariat with respect to simplification of the PAI structure; the composition of the market basket; methods for obtaining expenditure weights and the treatment of rent data from external sources; and domestic service costs and dollar-driven expenditures in PAI calculations. The Commission also considered recommendations relating to the introduction of the Euro and the role of exchange rates in total compensation comparisons.

Views of the organizations

81. In taking note of the report of ACPAQ, the Chairman of CCAQ observed that a number of organizations had expressed satisfaction with the positive spirit and high technical level of the discussions which had characterized the session. He expressed concern over the use of aged rents prior to the next round of full place-to-place surveys in time-to-time adjustments of the rental component of the PAI. The use of aged rents was not in his view statistically reliable, for a number of reasons. In particular, he drew attention to the evolution of very different patterns of renting apartments in the different markets of Europe and North America. The high demand for rental units in North America had increased rent levels; that phenomenon had not been seen to the same extent in Europe. Moreover, the phasing out of rent stabilization laws in New York was also affecting the New York rental market itself. He therefore suggested that aged rents should not be used until the next full round of place-to-place surveys. Before the next round of place-to-place surveys, a survey should be conducted to obtain common system staff housing data that would reflect changes in the rental market and the significant changes in the staffing patterns of many organizations that had taken place as a result of downsizing and restructuring exercises. Moreover, the rent data obtained by Eurostat and the Interorganizations Study Section (IOS) on Salaries and Prices of the Coordinated Organizations that were being used in the comparison related to 1997, and it really would not be appropriate to use such data alongside staff data on rents relating to 1990 and 1995. The Chairman of CCAQ, while agreeing in principle with the approach of stratifying the common system population by grade level for sample selection, stated that the issue of the definition of family income should be studied since it affected expenditure patterns of staff members.

82. In support of the CCAQ position, the representative of the United Nations expressed the view that it was not appropriate to make methodological changes between surveys, and therefore raised objections to the introduction of aged rent data prior to the next round of place-to-place surveys and between survey cycles for New York and Montreal (the two duty stations where aged data had not been available) for time-to-time updating purposes. The representative of the Food and Agriculture Organization of

the United Nations (FAO) stated that the use of IOS/Eurostat weights relating to length of occupancy of dwellings and dwelling type (apartment/house) and size (number of bedrooms) was a matter of great concern since they did not take account of the situation of common system staff. He also expressed the view that observers nominated by headquarters duty stations outside the base of the system should participate in the price collection in New York.

Views of the staff representatives

83. The Vice-President of CCISUA stated that notice about the forthcoming round of place-to-place surveys should be given to staff well in advance so as to facilitate their cooperation. She observed that the criteria for the selection of outlets should be reviewed. That would provide for some homogeneity across duty stations in the next round of place-to-place surveys.

Discussion by the Commission

84. Members noted that a great deal of preparation and forward planning for launching the next round of full place-to-place surveys at the headquarters locations and Washington, D.C., was needed to ensure accurate results. They welcomed the work done so far by ACPAQ, especially with respect to its efforts to further simplify the PAI structure. The proposed revision of the index structure and list of items would allow for greater collaboration between the ICSC secretariat, Eurostat and IOS in the area of cost-of-living measurements.

85. The Commission noted that place-to-place survey results were updated on a time-to-time basis through the use of national consumer price indices (CPIs). Some members had raised questions about the quality of those indices. It was also observed that the reference populations covered by national CPIs were not the same as the population of common system staff. Some members also observed that in some countries there were sources other than national statistical offices for CPIs, such as universities, research institutions and central banks. Members were informed that prior to the application of any particular CPI series for updating the PAI of a duty station, the secretariat would evaluate that CPI in terms of the composition of its basket characteristics, the reference population covered (income level) and the underlying methodology in order to determine its relevance for post adjustment purposes. Furthermore, national CPIs were always reweighted at the expenditure group level on the basis of United Nations common system expenditure weights to reflect the expenditure patterns of staff. In those special situations where the economy of a duty station might have experienced significant devaluation of the local currency or was experiencing high levels of inflation, the secretariat obtained price data from outside sources for validation purposes. The Commission also re-examined the rules governing the use of exchange rates in the post adjustment system and for dealing with situations of high inflation, and was satisfied that the existing mechanisms were sound.

86. Questions were raised about the selection of outlets for the collection of prices in the light of the need to achieve balance between types of outlets used for price collection at the base of the system and those selected at other duty stations. ICSC took note of the fact that some national statistical offices were being consulted with a view to obtaining information on outlets, as had been recommended in the context of the 1997 management audit of the ICSC secretariat.

87. While endorsing the Committee's recommendations to simplify questionnaires for use in household expenditure and housing surveys, the Commission was of the view that consideration should be given to the use of organizations' Intranet facilities for communicating with staff, publicizing the surveys, and completing and returning survey questionnaires.

88. The Commission addressed the question of the introduction of aged rents in the middle of the current round of place-to-place surveys for time-to-time updating of the PAIs of certain duty stations. It noted that ACPAQ had observed that the secretariat was adhering to the decision of the Commission, which had been taken on the recommendation of ACPAQ itself. It was further pointed out that the general principle for rent comparisons was based on the use of aged rents.

Decisions of the Commission

89. The Commission took note of the recommendations of ACPAQ relating to the selection of items and item specifications; selection of outlets; simplification of cost-of-living index structure; establishment of expenditure weights; treatment of United States dollar-driven expenditures; use of external data for group I duty stations; introduction of the Euro; special measures for abrupt devaluation; and issues of transparency. It approved the recommendations of ACPAQ relating to the treatment of domestic service costs and the use of external data in PAI calculations.

90. The Commission noted that a number of methodological issues must be addressed before embarking on the next round of cost-of-living surveys. These covered further simplification of the structure of the PAI, procedure for the selection of outlets, establishment of expenditure

weights, collection of prices, use of external data for rent index calculations etc. It decided to place these issues on the agenda for the next session of ACPAQ, scheduled for early 2000. The report of the Committee would be examined by the Commission at its spring 2000 session, and the collection of data on prices etc. would commence in the second half of 2000.

2. Separation of housing from post adjustment

91. The Commission considered the results of the study on the separation of housing from post adjustment at a limited number of small field duty stations where valid housing comparisons were difficult. The General Assembly, in section III, paragraph 4, of its resolution 45/241 of 21 December 1990, had requested the Commission to establish a pilot project designed to simulate the operation of the proposals of the Commission to separate housing costs from post adjustment calculations at a limited number of duty stations in the field where valid housing comparisons were difficult or impossible, on the understanding that housing would remain within the post adjustment system in the meantime, and to report to the General Assembly at its forty-sixth session.

92. The ICSC secretariat carried out the requested simulations and submitted the results to ACPAQ at its seventeenth session, in May 1993. Although ACPAQ had found the methodology used by the secretariat in the test calculations to be technically sound, it had noted that the results of the exercise would be sensitive to the measurement of housing costs at the base of the system and had called for further tests. The Commission recalled that it had conveyed these findings in its 1993 report and had informed the General Assembly that it would revert to the matter at a later stage. Subsequently, the working group on post adjustment, which met in March 1996, recommended that the ICSC secretariat and the representatives of the United Nations Development Programme (UNDP) prepare models that would be used to study the separation of housing at small field duty stations since external data were expected to be available at the base of the system. The modalities for the study on the separation of housing from the post adjustment were agreed upon in consultations between the secretariats of ICSC and UNDP.

93. The results of the latest tests showed that while it was technically possible to separate rent from post adjustment, the existing salary system did not lend itself to an easy and smooth transition to a new system of remuneration in which rent was factored out and treated separately. The separation of housing from post adjustment would have significant implications for the highly integrated existing systems of net base salary and post adjustment, which were based on the principle of the equalization of the purchasing power of salaries. Some of the issues which would need to be addressed if the change to a system where housing was removed from post adjustment were to be undertaken were:

(a) Should a new base salary without rent be introduced, and how would it be revised over time?

(b) What would be the impact of such a change on other elements of the pay system directly related to the base salary scale (hardship, mobility etc.)?

(c) Should the minimal common system salary plus rental allowance still be equal to the current base salary?

(d) What would be the definitions of reasonable rent levels that would be reimbursable to staff on a fair basis while protecting the system from possible abuse?

(e) Should the pensionable remuneration system be changed as a result of separation of rent from post adjustment?

Views of the organizations

94. The Chairman of CCAQ noted that the item had been under review for many years without resolution. He therefore urged the Commission not to pursue it any further as long as the current post adjustment system remained in place.

Views of the staff representatives

95. The Vice-President of CCISUA recalled that a number of earlier studies of the issue had produced similar results, and remarked that there was no point in pursuing the matter any further.

Discussion by the Commission

96. The Commission recalled that in its 1993 report it had informed the General Assembly that while the methodology used to conduct the simulation tests was technically sound, the results obtained were inconclusive. In the discussions which had led to that decision, members had questioned the advisability of continuing to expend further effort on the matter. The Commission had examined the latest test results for the separation of housing from the post adjustment calculations, using actual housing data collected from selected field duty stations.

97. While the Commission found that the methodology used in the test calculation was technically sound, the results of the exercise raised more questions than they answered. The Commission noted that the process of separation of rents

from post adjustment by definition started at the base of the system, relative to which post adjustment allowances were set for all duty stations. In this context, it was observed that the exclusion of rents from post adjustment was sensitive to the level of rents at the base, New York. The fact that rent alone represented 27 per cent of the net salary in New York significantly impacted on the study's outcome, particularly for small field duty stations. In this regard, the Commission noted significant reductions of the take-home pay in the majority of cases; this would be difficult to explain to staff at the duty stations concerned. There was concern that because of the sensitivity of the study's outcome to rents at the base, it might be difficult to maintain a relationship with the base that would be equitable for staff serving at field duty stations. Solutions to those questions would require changing the current system of remuneration, including abolishment of the universally applicable base/floor salary scale approved by the General Assembly plus post adjustment payments that served to equalize purchasing power of salaries. The Commission also noted the possibility that such an approach could give rise to a number of complicated administrative issues, such as the reduction of salaries resulting in the possible disruption of the principle of equalizing purchasing power of salaries.

98. Although the current methodology required comparisons of the cost of housing, which was difficult at certain small field duty stations, the new methodology which removed housing from post adjustment introduced greater complexities. The new system, which excluded rents from post adjustment at small field duty stations, did not appear to offer any advantage.

Decision of the Commission

99. In the light of the above discussion and analysis, the Commission decided not to pursue further the issue of the separation of housing from post adjustment at small field duty stations.

Chapter IV
Conditions of service of the General Service and other locally recruited categories

A. Review of the basis for the dependent children's allowance

100. The Commission addressed the issue of the basis for the dependent children's allowance for staff in the General Service and related categories, and recalled that in 1982, it had established a floor amount for the children's allowance at 3 per cent of the mid-point of net salary of the local General Service salary scale. At duty stations where the children's allowance was based on the local practice and the amount was equal to or higher than 3 per cent of the mid-point of the General Service salary scale, the amount paid was determined according to the local practice. In cases where there was no local practice as regards the children's allowance or where the amount of the allowance calculated according to the local practice was less than 3 per cent of the mid-point of the salary scale, the amount paid was equal to 3 per cent of the mid-point of the scale. The percentage for the floor amount was revised to 2.5 per cent effective 1 January 1998.

101. It was noted that of the 143 duty stations for which data were available, the floor formula governed the payment of the children's allowance at 125 duty stations. Out of those, 55 duty stations used the 3 per cent formula and 70 used the 2.5 per cent floor amount formula. At the remaining 18 duty stations, the children's allowance was based on the local practice. The secretariat could not obtain data on the payment of the children's allowance at 23 other duty stations. At six of the seven headquarters duty stations, the children's allowance was based on the local practice, while at one, Rome, the amount of the allowance was based on the floor formula.

102. If the floor formula were to be recalculated on the basis of the latest data, the average of local practice amounts expressed as percentages of mid-points of the corresponding salary scales would be 2.3 per cent. If the floor formula were based exclusively on headquarters locations, the percentage would be 3.9 per cent; if it were based on non-headquarters duty stations, it would be 0.7 per cent of the mid-point of the salary scale.

Views of the organizations

103. The Chairman of CCAQ noted that the documentation before the Commission tended to dwell only on the methodology for determining the level of the children's allowance. Although it provided a very full analysis of the differences between the local practice and floor approaches, it did not attempt to examine what was the responsibility of a good employer in terms of benefits and allowances paid. It did not analyse why, since the inception of the United Nations, different review bodies had repeatedly confirmed and reconfirmed that the children's allowance was a social benefit. In that context, he recalled the basis of the Commission's consideration of the issue in 1982, when it was addressed for the first time on a comprehensive basis. A clear rationale for considering the children's allowance as a long-standing social benefit was provided at that time.

104. CCAQ was concerned with some of the assumptions underlying the study, in particular that each General Service staff member had two dependent children. On the basis of CCAQ data as at the end of 1996, the average was 1.27. Even that figure should be used with caution since it was based on data that included all dependent children of General Service staff irrespective of whether a children's allowance was payable or not. Furthermore, at locations where the allowance amounts were the highest, namely, the headquarters locations, the number of children was lowest and generally averaged between 0.6 and 0.75. Organizations were concerned about the validity of the data submitted. The CCAQ Chairman pointed out that the mid-point of the salary scale used for the floor formula was based on the salary scale for the General Service category, while that for National Professional Officers (NPOs) was not taken into account. The organizations were of the view that ICSC should undertake an evaluation of the appropriate reference points on the General Service and the NPO structures in any redetermination of the dependent children's allowance. In the light of the above concern, he urged the Commission to retain the current arrangement and undertake a re-evaluation when all the information was available to make a proper determination whether or not the current provisions should be maintained.

105. The representative of the United Nations was of the view that the children's allowance should be seen as part of a larger issue of principle which should be examined in the context of good employer practice. The allowance should be seen as a social benefit. He recalled that in 1997, the Commission had reconfirmed that the allowance should be maintained as a social benefit and decided on a floor formula incorporating data for all duty stations where local practice existed in that regard, including the seven headquarters locations. As to the assumption regarding the number of dependent children per General Service staff member, the discrepancy had resulted in financial implications that were not accurate. He was of the view that the option leading to the reduction of the floor formula, which was based on the amounts applicable at non-headquarters locations, was technically flawed since it did not take into account the salary scales for the NPOs category.

Views of the staff representatives

106. The President of CCISUA recalled that as part of its overall review of the children's allowance for the General Service and related categories in 1982, the Commission had decided to maintain the allowance as a social benefit available to all staff. At that session, ICSC had taken note of the views expressed in various forums that some dependency allowances should be granted to staff at all duty stations over and above the base salary scale. In 1997, the Commission had once again reviewed its earlier decisions and concluded that the social benefit approach should be continued. In the documentation before the Commission, the appropriateness of the social benefit approach was being questioned. As part of its analysis, the secretariat had used data for only 143 duty stations out of a total of 166, and data from large organizations had not been used. There was a departure from the approach used for the Professional category in the previous year, when the Noblemaire principle was not in vogue, whereas in the case of the General Service staff, strict adherence to the Flemming principle was proposed. She therefore proposed that the allowance continue to remain as a social benefit.

Discussion by the Commission

107. At the outset, the Commission recalled that the children's allowance was regarded as a social benefit and that allowances for dependent children had been authorized by the General Assembly at its first session in its resolution 13 (I) of 13 February 1946. The Commission considered whether there was a conflict between the payment of a floor amount and the local practice approach under the Flemming principle. The Flemming Committee itself had considered that the payment of the allowance should serve a general social rather than a specifically economic purpose. The 1955 Committee of Experts had also been of the opinion that dependency allowances (including the children's allowance) should be regarded as a social benefit. Members noted that strict adherence to local practice would deprive a large number of staff of a long-standing benefit that had been recognized as an important social benefit since the founding of the United Nations system. As employers, the

organizations of the United Nations system had a social responsibility to the children of its employees and this was recognized through the dependent children's allowance. Members also felt that the United Nations system should be a model and above all socially responsible employer, and should therefore champion social standards in the conditions of service of its employees. Mindful of the Convention on the Rights of the Child and the views of several expert bodies mentioned above, which also saw the allowance as a social benefit, the Commission remained convinced that the allowance should continue to be paid as a social benefit. There was no justification for paying the children's allowance strictly according to the local practice by an application of the Flemming principle.

108. Having decided to maintain the social benefit approach to the children's allowance, the Commission next turned its attention to the review of the floor formula. In that regard, it agreed that its secretariat should work closely with the organizations to collect all relevant data on the basis of which recommendations for the review of the floor formula should be submitted to ICSC. During the discussion on the time-frame for the next such review, the organizations expressed the view that it should be undertaken in 2002, at the end of the current round of General Service salary surveys. Several members of the Commission noted that there was a contradiction in that suggestion: on the one hand, the organizations were insisting that the allowance be maintained as a social benefit and not be tied to the application of the Flemming principle; on the other, they wanted to obtain the most up-to-date information on local practices collected during salary surveys. Members were of the view that the thrust of the study on the review of the floor formula should be the rationalization of the allowance; it was not necessary to wait until the completion of the current round of General Service surveys to obtain relevant data to that end. Accordingly, the Commission agreed that the floor formula should be reviewed, preferably in 2000 and in any case before the end of 2001.

109. As to the current implementation of the floor formula, the Commission noted that at 55 duty stations, the children's allowance was based on 3 per cent of the mid-point of the General Service salary scale although the 2.5 per cent formula had been introduced effective 1 January 1998. In that regard, it was informed by the representative of the United Nations that at some of those duty stations, comprehensive surveys had not been carried out to date. At others, although such surveys had been carried out the results had not been approved for implementation. On the occasion of the implementation of the results of comprehensive surveys at the duty stations referred to above, the 2.5 per cent floor formula would be used for the payment of the children's allowance. Some members were of the view that on the basis of current data, the floor formula should be reduced to a level closer to 2.0 per cent.

Decision of the Commission

110. The Commission decided that:

(a) The social benefit approach for the payment of the children's allowance should continue to be maintained;

(b) The floor formula should be reviewed, to the extent possible, in 2000, and not later than 2001.

B. Survey of best prevailing conditions of employment in Paris

111. It will be recalled that the Commission had reviewed the methodologies for surveys of best prevailing conditions of employment at headquarters and non-headquarters duty stations in 1997. The findings of the Commission regarding the current application of the Flemming principle and the changes introduced, *inter alia*, in the headquarters methodology were reported to the General Assembly in the twenty-third annual report of the Commission.[6] The General Assembly, in section II, paragraph 2, of its resolution 52/216 of 22 December 1997, had endorsed the conclusions of the Commission and the refinements and modifications to the methodologies.

112. On the basis of the revised methodology, the Commission conducted a survey of best prevailing conditions of service for the General Service and other locally recruited categories of staff at Paris with a reference date of April 1999. The salary scale for the General Service of the organizations of the common system at Paris, recommended by the Commission to the Director-General of UNESCO, is reproduced in annex VI to the present report. The Commission also recommended revised amounts of spouse and children's allowances determined on the basis of tax abatement, social benefit provided by the French Government and additional amounts paid by outside employers.

113. One of the requirements of the revised methodology is that the public/non-profit sector, including the national civil service, be represented by at least 25 per cent of the retained employers. In the Paris survey, of the 20 employers whose data were used for the determination of the scale recommended by the Commission, eight or 40 per cent were from that sector.

114. The view was expressed that an educational institution should have been included among the public/non-profit sector employers in order to have at least one employer working in the same substantive field as UNESCO, instead of four financial sector employers.[6] Furthermore, it would have been preferable if a more representative employer such as the French career civil service or the Ministry of Culture (instead of the *Sénat*), had been included.

115. Under the methodology, gross salary data collected from the retained employers are netted down by the application of national and local taxes, as appropriate. The Commission noted that effective 1 January 1998, some changes had been introduced into the French tax laws. One of these changes concerned the increase in the generalized social contribution (*Contribution sociale généralisée* (CSG)) by 4.1 per cent, and a reduction in the mandatory contribution for health insurance, maternity, disability and death under the French social security system by 4.75 per cent. CSG is considered as a tax, and consequently the recent change had the effect of lowering net salaries (gross salaries less applicable taxes) of outside employees by approximately 5 per cent. However, since the increase in CSG was balanced by the reduction in the mandatory contribution for health insurance etc., the impact on the net take-home pay for outside employees was negligible. In fact, as a result of those changes the outside employees experienced a small increase in their take-home pay, i.e., in their purchasing power. As a result of the changes in the taxation system, the purchasing power of French civil servants was expected to decrease by approximately 1.2 per cent. The French Government has taken measures to make up for this loss of the purchasing power of its civil servants.

116. Outside net salaries formed the basis for the determination of the salary scale for the UNESCO staff. If the outside net salaries resulting from the application of the revised French taxation system had been taken into account, this would have had the effect of reducing salaries of UNESCO staff by approximately 5 per cent. In view of the circumstances, the Commission considered it appropriate to take exceptional measures to ensure that the adverse impact of the above-mentioned changes on the salaries of UNESCO staff be phased in over a period of time. Under those measures, the Commission, on an exceptional basis, increased the outside net salaries by 5 per cent and used the resulting amounts for the determination of the salary scale for UNESCO staff. The Commission has recommended to the Director-General of UNESCO that following the implementation of the revised salary scale, a 1-percentage-point reduction be made from future interim adjustments to ensure that the 5-percentage-point adjustment mentioned above would be eliminated before the next salary survey in Paris. Representatives of administration and staff agreed with the procedure outlined above.

117. The General Assembly, in section II, paragraph 3 (a), of its resolution 51/216 of 18 December 1996, had requested the Commission, as part of its review of the methodology scheduled for 1997, to resolve, to the extent possible, inconsistencies between the General Service methodology and the one applied pursuant to the Noblemaire principle, *inter alia*, by examining the question of overlap in remuneration between the two categories. The Commission had provided its views on the matter as part of its report on the revised General Service methodologies.[7] As may be noted from the salary scale for the UNESCO staff shown in annex VI, the annual net salary at the highest point in the scale, GS-7/step 14, is FF 332,071, or US$ 52,297 at the July exchange rate of FF 6.35 to US$ 1. This amount falls between the net remuneration (net base salary plus post adjustment) of a P-2/step 7 and a P-2/step 8 staff member. The Commission was of the view that that overlap was not a cause for concern.

118. The salary scale for UNESCO staff shown in annex VI is 1.44 per cent lower than the current scale. Without the adjustment to phase in the effects of changes in the French taxation system, the survey salary scale would have been approximately 6.5 per cent lower than the current scale. The financial implications of the Commission's decision regarding the phased elimination of the impact of changes in the taxation system were estimated at $1.7 million. With the complete phasing out of the ad hoc adjustment to the salary scale (see para. 116 above), savings amounting to approximately $2.2 million per annum would be realized.

Chapter V
Conditions of service applicable to both categories of staff

A. Report of the Working Group on the Framework for Human Resources Management

Introduction

119. At its forty-eighth (July 1998) session, in response to General Assembly resolutions 51/216 and 52/216, in which the Assembly called on the Commission to play a leading role in the development of innovative approaches in the field of human resources management as part of the overall reform currently taking place in the organizations of the common

system, ICSC created a working group on the framework for human resources management. The working group was composed of three members of the Commission, three representatives of the organizations of the common system and a representative of CCISUA, as well as members of the secretariats of ICSC and CCAQ. The working group met four times, from 24 to 26 February, on 19 April, from 22 to 28 June, and on 19 and 20 July 1999.

Views of the organizations

120. The Secretary of CCAQ reported that all the organizations in the Consultative Committee considered that the development of a strategic framework was one of the most important ventures upon which ICSC had taken action in recent years. The organizations were impressed by the quality of the working group's report, into which, it was evident, a lot of serious and rigorous effort had been put. This was an important stage in the development of the strategic framework that was not yet finished. Further work was required to develop the principles that flowed from the framework itself. The Working Group had been so effective to date that it should be entrusted with the task of completing these principles. This would also require extensive consultation within organizations, especially with line managers and with staff representatives, if the strategic framework were to become — what it must become — a dynamic template or "cadre" for future human resources management reforms in all organizations of the common system. The completion of this task should allow for the fullest involvement of all consultative partners. CCAQ would continue to give ICSC its fullest support in bringing this project to a mature, sound conclusion.

121. The report of the working group indicated that contractual arrangements were considered to be a core area. CCAQ could understand the conceptual and intellectual link between pay and benefits and contractual policies and also the need to preserve the international civil service through contractual arrangements that were common. Nevertheless, for CCAQ, contractual arrangements was not a core area. In some organizations, for example, such arrangements had been formally established by the governing bodies and were contained in their staff regulations. As the first elements of guiding principles stated, arrangements should be flexible to be responsive to organizational needs. The executive heads had all expressed the need to ensure that in order to attain their organizational goals, they have the flexibility to introduce arrangements to meet emerging programme needs effectively and quickly. These needs were not common because of the great differences in the mandates, structures, workforce size, composition and location of the organizations. CCAQ was therefore pleased to note that the proposed review of contractual arrangements would be undertaken in order to provide for the flexibility and responsiveness needed by the organizations to meet emerging needs. In this connection, CCAQ noted that the General Assembly's request in its resolution 53/221 was limited to a review of contractual arrangements in the United Nations only.

122. CCAQ also referred to the section on information management system policy. CCAQ strongly supported the concept of a core human resources information management policy. CCAQ considered, in addition, that it would be essential to undertake an examination of which databases already existed in the common system. This would require an in-depth review of existing arrangements. In this connection, consideration should also be given to the involvement of CCAQ's sister Committee, the Information Systems Coordination Committee (ISCC), in such a review. CCAQ suggested that ICSC, with professional support, undertake an in-depth review of the current status of human resources management databases throughout the common system with a view to examining how the information contained in these systems might be brought together to promote modelling or other human resources management reforms.

123. CCAQ considered that the brevity of its comments attested to its strong support for the results of the working group's labours to date. The draft elements for the principles were in need of careful refinement, which CCAQ would encourage the working group to pursue with the same rigour that it had given to the project thus far.

Views of the staff representatives

124. The President of CCISUA, speaking on behalf of the staff, expressed her appreciation for the constructive way in which the working group had functioned and her support for the outcome. She considered that it should serve as an example for future ICSC undertakings. Turning to the integrated human resources framework, she noted that one of the issues of great concern to staff was a reliable system of justice. Guidelines in this area by ICSC would be most welcome. She also referred to staff well-being, in particular to environmental issues; staff were eager to see ICSC deal with this problem and to provide global standards that could be followed by the organizations. Lastly, she considered that the issues of contractual arrangements and career development were crucial for maintaining organizations' competitive edge, and should therefore be accorded the highest priority in the integrated framework for human resources management.

Discussion by the Commission

125. The Commission noted at the outset that the task of the working group, which was to develop a modern integrated framework for human resources management to guide the future efforts of the organizations, was a complex undertaking. Such an assignment required time and careful deliberation to bring it to a successful conclusion. The Commission expressed satisfaction that the working group had been able, in a relatively short time, to produce an integrated framework that also contained a number of other useful elements and tools. It noted however, that the framework was not yet complete, although it considered that it had sufficient information in substantive areas to report to the General Assembly this year. Since 2000 was a personnel year in the Fifth Committee of the General Assembly, it would be appropriate for ICSC to present the completed framework in its entirety at that time. The Commission expected that once all work was concluded, the secretariat would publish the framework and post it on its home page.

126. The Commission recalled that the working group had reported to it at its forty-ninth session, in April 1999, at which time ICSC had reviewed and provided guidance with regard to: (a) the working group's analysis of the problems facing the organizations and (b) a proposed outline for an integrated framework for human resources management identifying areas that were "core" to the common system. By the time of its fiftieth session, in July 1999, the Commission noted that the working group had accomplished considerable additional work. It had carried out further developmental work on the outline framework, and as requested in General Assembly resolution 53/209, had examined the reform initiatives by all organizations of the common system and reform efforts outside the common system. It had also identified the linkages between the various components of the framework, as the Commission considered that it was important to show the interrelationship between the various human resources functions, particularly in the evolving human resources environment. The Commission noted that the working group had also drafted a preliminary set of guiding principles to support the components in the outline framework but had been unable to finalize them in the time available. The Commission observed, moreover, that the principles would require further reflection as well as input from CCAQ and the representatives of the staff.

127. The Commission recalled that the issue of "core" areas had been discussed over the years, but it had been difficult to arrive at a common understanding. The working group had provided a service in tackling this issue, and had succeeded in identifying the core areas. Core areas were understood as those that were essential in binding the organizations together to avoid serious discrepancies in terms and conditions of employment, thereby facilitating inter-agency mobility of staff while reducing competition in the employment of staff. For areas considered non-core (i.e., not essential for regulation at the central common system level), guidelines set by ICSC could be desirable.

128. The Commission considered that it had taken the essential steps in the creation of an integrated human resources framework to serve the organizations as they implemented their reforms. The Commission reviewed with satisfaction the progress of the working group, and provided additional guidance for the future. The Commission noted that the working group had:

(a) Reviewed data on human resources reform inside and outside the common system;

(b) Identified a key list of components that should be addressed in an integrated framework;

(c) Drafted definitions for the main components of the framework;

(d) Specified the "core" areas (see para. 127 above) that warranted action at the central common system level;

(e) Identified the linkages between the various components in the framework;

(f) Begun work on the drafting of elements of guiding principles for each component.

129. Based on the recommendations of the working group, the Commission reached consensus on a rank order of priorities for the Commission's future work to facilitate reform activities of the organizations.

130. The Commission noted that the philosophy underlying the proposed integrated human resources framework was grounded in the principles emanating from the provisions of the United Nations Charter, namely, the independence of the international civil service and the need for the organizations to recruit staff with the highest standards of efficiency, competence and integrity, with due regard to the importance of recruiting the staff on as wide a geographical basis as possible and to the equal participation of men and women in the work of the organizations (Articles 100, 101 and 8 of the Charter).

1. Purpose of the integrated human resources framework

131. The Commission considered that a modern and integrated human resources management framework was useful for organizations to manage their human resources

effectively. Such a framework was also conceived as a possible reference point for future reforms affecting human resources management. It would facilitate the identification and especially the integration of the diverse, yet interrelated, elements which made up human resources management in the common system. The framework would highlight the impact that change in one area could have on another.

132. The framework could provide the organizations and their partners with a holistic conceptual base from which to take action in one or other areas of human resources management reform. The aim would be to avoid the piecemeal approaches of the past, which had not always taken account of the unforeseen impact that innovations in one area might have on another.

133. The integrated human resources management framework would enable the Commission to:

(a) Focus its work on relevant and effective policies and procedures for human resources management in the common system on those issues that were core to the central system;

(b) Assist and advise organizations by selectively issuing broad policy guidelines on other human resources management issues that were the responsibilities of the organizations;

(c) Use the guiding principles as a benchmark to review and update existing ICSC policies and guidance in the human resources area.

134. In developing the framework, the Commission first took detailed account of the current status of human resources management in the United Nations common system. It compared this to developments in human resources management outside the system. It examined the human resources management challenges currently facing the common system.

2. Development of human resources management worldwide

135. In the world outside the United Nations family, the Commission acknowledged that in recent years, the concept of human resources management had changed profoundly in the public and private sectors in all continents.

136. In national public administrations, there had been major human resources management reforms in which, more than ever, accountability played a key role. Examples were the British, Australian and United States civil services. In recent years, the United States Federal Civil Service had conducted a national performance review (known as "Reinventing Government") under the direct responsibility of the Vice President of the United States. Related to this was a new and somewhat different vision of the role of government; the focus had changed from an emphasis on implementation to one of facilitating and standard-setting. Corporate concepts of efficiency and cost-effectiveness had begun to permeate national civil services. The relationship of Governments to civil society had changed; Governments were increasingly working through the private sector, bidding for outside contractors and outsourcing key functions.

137. Drawing on studies conducted by the Organisation for Economic Cooperation and Development (OECD),[8] the Commission noted that in OECD countries, reform initiatives included the following:

(a) The decentralization of responsibility for human resource management from central management bodies to line departments and agencies. The role of the central regulatory bodies had become one of fostering and facilitating change which would support agencies' efforts for greater efficiency and effectiveness;

(b) The devolution of responsibility for human resource management within departments and agencies to line managers;

(c) The development of policy frameworks or guidelines emphasizing basic standards and good practices rather than detailed controls;

(d) Devolved budgeting for line departments and agencies which consolidated salary and administrative costs;

(e) The introduction of more flexible pay, employment and staffing systems;

(f) Training and development measures to build skills, competencies and flexibility in the workforce to better meet programme demands and reinforce public sector reforms;

(g) Cost-cutting measures in the form of pay restraint, efforts to cut employment (downsizing) and pressures to produce efficiency gains.

138. These reforms were found globally and were not limited to the industrialized world. Both the Commonwealth Secretariat[9] and the African Governors of the World Bank in a recent report[10] had provided examples that clearly reflected the worldwide trend for renewal in the public sector, with a focus on efficiency, merit and accountability.

139. These trends had themselves been sparked by changed global economic and geopolitical realities, recognition that the world was ever smaller and nations were increasingly interdependent, in short, that the world was characterized

by a drive towards globalization. Moreover, the environment within which institutions operated had increasingly been characterized by unpredictability, volatility and changing social expectations, both of stakeholders and of employees.

3. State of human resources management in the United Nations family

140. The global transformations outlined above had not escaped the United Nations family of organizations, which were engaged in the refocusing of their mandates and priorities, the optimizing of shrinking resources and increased emphasis on defining and maintaining a competitive edge. Internal and external influence, including from Member States, had driven reform efforts within the organizations resulting, *inter alia*, in a conceptual realignment of personnel management strategies. The ambitious programme for reform launched by the United Nations in recent years was in response to changes in the geopolitical landscape and the awareness that United Nations policy concerns cut across sectoral and institutional boundaries. An overview of the reform efforts under way in many common system organizations was provided in a 1995 report (JIU/REP/95/2) by the Joint Inspection Unit (JIU); it noted that the management of change was enormously demanding and difficult, but that many organizations had been or were now establishing strategic planning management processes to strengthen accountability and to best deploy their scarce resources.

141. The current United Nations system differed in many respects from the institution founded in the aftermath of the Second World War. It was no longer a self-contained institution operating autonomously. Instead, it had become intermingled with civil society and a host of social movements, non-governmental organizations and private enterprises, an institution in which, increasingly, objectives were being achieved through entities outside the system. Whereas 20 and even as recently as 10 years ago it was the norm for the United Nations system to implement its programmes with in-house expertise, today it turned more and more to outside sources of assistance, particularly in technical fields. Further examples were found in the planning and budgeting exercises, in which expert bodies and civil society contributed to standard-setting. The Secretary-General's 1997 report, entitled "Renewing the United Nations: a programme for reform", had stated that success required that the United Nations devise effective means by which to collaborate with other international organizations and institutions of civil society, thereby amplifying the impact of its own moral, institutional and material resources (see A/51/950, para. 22), and thus reflected what was already to a large extent the reality of the current situation.

142. Yet, while the organizations of the United Nations system had evolved since their founding, the conceptual underpinning of such areas as the management of human resources had not been adjusted to meet the new organizational realities. For example, the concept underlying the conditions of employment and the structure of compensation, which had been introduced in 1950, conformed to the traditional pattern of the career civil services of the day. That structure was based on the premise that a significant proportion of staff would be career appointees, rising through the ranks from P-1 to P-4. Not only had the structure changed dramatically since 1945 but employment data for 1991 showed that that premise was no longer valid. Moreover, the trend had continued, as shown by employment data for 1997 (see below). From organizations' appointment data for 1991 (relative to appointments of all common system staff to Headquarters and other established offices (that is, excluding project staff and national professional officers), it was deduced that:

(a) The average staff member joined the United Nations family workforce at age 42, at grade P-4, step IV;

(b) Some 21 per cent of total appointments were made at the P-1 and P-2 levels;

(c) Over 50 per cent of total appointments were made at the P-4 and higher levels.

143. Analysis of organizations' 1997 data for appointments to Headquarters and other established offices (i.e., excluding project staff and national professional officers) still showed that:

(a) A significant proportion of the workforce (56 per cent) continued to be appointed at the P-4 and higher levels;

(b) Over 50 per cent of new staff members were appointed at over 40 years of age.

144. Similarly, in terms of contractual arrangements, in the beginning, service with the United Nations family was essentially through career or permanent appointment. Gradually, other contractual arrangements had been introduced or expanded through fixed-term contracts, short-term contracts, consultancies and so forth. At the same time, the numbers of staff on secondment and loan to organizations had mushroomed. National execution of technical assistance projects, downsizing and reductions in the number of regularly established positions had also resulted in the increased use of shorter-term personnel who had a status outside the confines of what was generally deemed to be the international civil service. These

arrangements had arisen in response to specific needs. The organizations reported that they had resorted to them in order to overcome the inflexibilities of the conditions of employment.

145. Moreover, notwithstanding the commonality of purpose of the common system, other human resources policies and practices had evolved differently, as might be expected given the great differences in the mandates, structures, workforce size, composition and location of the organizations of the United Nations family. For example, one organization had less than 200 staff while another had more than 13,000, some organizations were based entirely at one location while others had staff in as many as 600 locations all over the world. At any one time, some organizations might be experiencing severe budgetary cutbacks while others might be expanding. Clearly, these differences had an impact on the design and management of human resources.

4. Challenges facing human resources managers in the common system

146. The upshot of these profound changes over the last 50 years and of the very significant differences between organizations was a common system that was increasingly less common. It was a system that was stretched and strained by conflicting and often competing objectives from different constituents. It was a system in which human resources managers were being requested to introduce greater flexibility to find ways around the stumbling blocks. In some instances, parallel employment practices had resulted, which made matters increasingly complex and less transparent. The Commission noted that participants in the working group had spoken, for example, of the need for and the difficulties of attaining:

(a) Greater flexibility in job assignments; teamwork; flatter organizational structures;

(b) More options for career progression and motivation;

(c) Promotions reflecting "merit" alone, as well as changing levels of responsibility;

(d) The appropriate relationship between merit and geographical and gender distribution;

(e) The recruitment of large numbers of staff for limited periods, *inter alia*, for peacekeeping activities and humanitarian assistance.

5. Reform efforts

147. The Commission took note of numerous reforms introduced by different organizations in the human resources management area. A general characteristic of these reforms was that the focus of human resources managers was changing; managers were no longer solely administrators of rules and regulations but increasingly were also strategic partners, advisers and consultants to programme managers in the management of human resources, and in many instances agents of change in organizations. Human resources processes were being re-examined, simplified and re-engineered.

148. The Commission considered, as noted above, that coherence in the approaches being taken to solve problems and overcome obstacles was essential. Modifying one or another component of human resources management without understanding the impact that each component had on others could have a negative impact on the integrated nature of human resources management.

6. Environmental impact on human resources management

149. The Commission considered that the first and foremost consideration to bear in mind was that human resources management strategies would be affected most directly by the changing nature of the organization's mission, work and overall strategy. Other forces were internal to the organization itself (its culture, organization and management style), while others came from outside the organization and were related to the global economy and other changes in society. Yet others stemmed from the evolution: (a) of thinking about the management of human resources (the conceptual base); and (b) of the practical tools available to human resources practitioners (the evolution of technology). Above all, human resources management strategies would be affected most directly by the changing nature of the organization's mission, work and overall strategy.

150. These environmental forces might be dynamic in a number of ways, some of which might be relatively easy to measure and others more complex. The global labour market, for example, clearly had an impact on an organization's human resources management strategies. Through responses to vacancies or other enquiries, it might be relatively easy to assess the availability of specialists in one or other occupational area. It might be less easy to assess how the expectations of the future workforce would be affected by changes in society at large. At what stage, for example, would an organization's attractiveness as an employer have as much to do with its work/life policies as its pay levels?

151. What was crucial to the development of human resources management framework was recognition of the fact that the framework did not exist in a vacuum but was to a greater or lesser extent always subject to external forces. In addition, in international organizations the management of human resources was in one way or another affected by three essentially unique features of the United Nations family of organizations:

(a) Their system of governance: all organizations were responsible to large numbers of Member States which decided their missions, mandates and strategies;

(b) Their legal status: the organizations were extraterritorial and not bound by national legislation or international labour conventions;

(c) Their international, multicultural nature: the organizations' aims and activities were global, their employees came from every country of the world.

152. Taking these considerations into account, the Commission identified five distinct environmental factors that had an impact on human resources management in the United Nations family of organizations:

(a) The organization's mission, mandate and strategy, as determined by its governing body;

(b) The evolution of technology;

(c) The development of the conceptual base, i.e., how changes in human resources management policies and practices affected operational effectiveness;

(d) Forces internal to the organization, including:

(i) Its legal status;

(ii) Its culture, style and work organization;

(iii) Staff/management relation;

(iv) The budget process;

(v) Administrative case law;

(e) Forces external to the organization itself, including:

(i) Funding;

(ii) The labour market;

(iii) Political, societal and cultural pressures;

(iv) Media and other group pressure.

7. *Proposed action by the Commission*

153. As noted earlier, the Commission considered that individual studies emanating from the integrated human resources framework would feature prominently on the Commission's work programme over the next several years. It was therefore important to decide on a priority ranking of those studies. The Commission's recommendations in this respect are listed below in order of importance together with the Commission's rationale.

(a) Ethics/standards of conduct

154. The Commission had already accorded high priority to this subject when, at its forty-ninth (April 1999) session, it decided to form a two-tier working group composed, *inter alia*, of the organizations' legal advisers. The Commission noted that it would take up consideration of this item at its fifty-first session. It was therefore satisfied that this work was under way and would be carried forward in a timely manner.

(b) Pay/benefits system

155. The Commission accorded the highest priority to a review of the pay and benefits system with its related job classification system. It identified this as a core issue, requiring action at the level of the common system. It wished to emphasize that it was not calling into question the validity of the Noblemaire and Flemming Principles, which continued to underpin the pay philosophy of the United Nations system and the pay-setting processes. The Commission was concerned that United Nations system managers, because of unnecessarily cumbersome and time-consuming administrative rules and procedures, spent more time carrying out their administrative functions vis-à-vis their staff, leaving them little time to manage them, to provide leadership and to facilitate change in the organizations, in line with ongoing reforms (see also para. 147 above). The payroll system of the organizations dated from the earliest days of the system, and was in need of modernization and streamlining to facilitate the management of human resources and enable the organizations to meet future challenges. The Commission noted that the organizations were of the view that the present payroll and job classification systems often hindered effective management.

156. The Commission considered, moreover, that a study of the pay and benefits system was fundamental in that it had a particular impact on such areas, *inter alia*, as recruitment and retention, contractual arrangements and performance management and rewards. A review would therefore focus on the way that the pay/benefits system (and related job classification system) were administered and seek to make recommendations to render them more flexible.

157. The Commission decided to request its secretariat, in consultation with the organizations and the staff, to prepare a needs analysis and background documentation for the fifty-first session of ICSC, at which time the Commission would decide how it wished to proceed with this matter; the Commission could, for example, form a working group of the whole with the organizations and staff or delegate it to a small group during that session. The Commission noted that the following concerns had been expressed by the organizations:

(a) Greater flexibility in rewarding job assignments and the ability to formulate and quickly dismantle teams of staff tasked with specific assignments;

(b) Since an enhanced career progression was not offered by the limited grade structure of the current system, a system that motivated staff by financial rewards in recognition of their performance and contributions to organizational objectives;

(c) Financial rewards should not be linked solely to the acceptance of additional responsibility but should also take account of merit;

(d) A pay system that could respond to the recruitment of large numbers of staff for limited periods, *inter alia*, for peacekeeping activities and humanitarian assistance (one organization considered that the parameters of the current appointments of limited duration were too inflexible).

158. To address these problems, the Commission felt that the approaches used in other national civil services, for example the human capital versus job classification approach, pay banding and performance-based pay, needed to be examined. The Commission noted that there were also problems with the portability of pensions, but observed that pensions did not fall within the ICSC mandate. The Commission further noted that the General Assembly, in its resolution 53/209, had requested ICSC to address the question of specialist pay, and considered that it could be taken up in this context.

(c) Contractual arrangements/types of appointment

159. The Commission recalled its work in the area of contractual arrangements and types of appointments. The Commission had begun to review appointments of limited duration, in use in some organizations, as early as 1994. It was recalled that the Commission had agreed in principle that such appointments were an appropriate modality, to the extent that the scope of the practice did not impinge on the existence of the international civil service. ICSC was expected, under its mandate, to continue to monitor those arrangements, which, in two organizations, remained in pilot status. Noting that one organization was experiencing difficulties with what it considered to be the inflexible nature of the four-year duration of appointments of limited duration, some ICSC members recalled that these terms had been worked out and agreed to by the organizations concerned at the time of their establishment. With respect to types of appointment, ICSC further recalled that it had first studied this matter in 1979 in the context of its consideration of career development and recruitment. Although it had not come about, the Commission also recalled that at one time it had intended to pursue the development of a common terminology and standardization of the various types of appointment in accordance with article 15 of its statute.

160. The Commission noted that the General Assembly, in section V of its resolution 53/221, had requested it to review fixed-term contracts in the United Nations, and that the report of the working group invited the Commission to broaden that review to include the contractual practices of all common system organizations and to make recommendations thereon.

161. Moreover, the Commission had identified contractual arrangements as a core area in that they were tied to the pay system, serving to harmonize terms and conditions of employment and to avoid competition in the recruitment of personnel. In their overall contractual arrangements, the organizations considered that they should have the necessary flexibility to meet their emerging needs. In proposing a study of this nature, the Commission would not concern itself with numbers or kinds of contracts as these were the prerogative of the organizations according to their individual needs. The Commission noted that in the light of the discussion, CCAQ had withdrawn its earlier objections (see para. 121 above).

162. The Commission considered that it should give the issue of contractual arrangements/types of appointments the same priority as that of mobility (see paras. 163–165 below). It was of the view that the reviews of ethics/standards of conduct and the pay and benefits system would take up most of its agenda for 2000. It therefore tentatively proposed that contractual arrangements/types of appointment and mobility be taken up in 2001.

(d) Mobility

163. The Commission noted that the General Assembly, in section V of its resolution 53/209, had invited ICSC to examine the facilitation of inter-agency mobility. Inter-agency mobility was a core area in that it was an underlying premise of the international civil service that affected all

organizations in the common system and promoted shared principles and values. It was a key ingredient of career planning and development and work/life policies. At the same time, the Commission recognized that there were other aspects to mobility that included intra-agency mobility and secondments from national Governments.

164. At a future time, most probably in 2001 (see para. 162 above), the Commission would request its secretariat to collect information on current practices, including secondments from national Governments, and make recommendations to enhance the mobility of staff throughout the organizations of the common system.

165. The Commission assigned the same priority to the topics of staff well-being and human resources information policy (see paras. 166–170 below).

(e) Staff well-being

166. The Commission noted that this concept referred to security, occupational health and safety issues, medical services and work/life programmes. Security policy was a very important issue that involved the physical and psychological security of staff at the duty station. Occupational health and safety was identified with prevention and treatment of work-related illness or injury and with environmental safety. Medical services provided organizational support to occupational health and safety. Work/life programmes had to do with policies that contributed to staff well-being inside and outside the office (e.g., spousal employment policies and flexible working hours).

167. Although the Commission identified it as a non-core area because organizations required programme responses to meet local conditions at different duty stations, it considered that staff well-being was a vital necessity in a modern-day workforce.

168. At a future time, the Commission would request its secretariat to review common system organizations' occupational health and safety programmes to identify best practices and determine if there were issues to be addressed at the common system level. ICSC might also review work/life programmes to determine the extent that these were being pursued by organizations of the common system. Organizations would be requested to take action, as appropriate, in both areas.

(f) Human resources information policy

169. The Commission noted that a human resources information policy was needed to ensure the development and maintenance of databases and other repositories of information about the common system and was therefore a core area. It was an area of major importance in a modern, technologically advanced international civil service. Responsible decisions in the human resources area were dependent on recent, easily accessible data that was valid and consistent. Databases that met the needs of ICSC and others requiring information about the common system were necessary. It concurred with the CCAQ suggestion (see para. 122 above) that the ISCC be involved in any future review of this area.

170. At a future time, the Commission considered that the following action could be taken in this area:

(a) A survey of private, public and international organizations should be carried out to determine what information was being collected for administration and analysis in support of human resource activities;

(b) ICSC should provide a paper on best practices in organizations of the common system;

(c) A review related to practices to control access and to provide privacy and protection of data should be conducted.

(g) Administration of justice

171. The Commission included the administration of justice as one of the elements of good governance policy, along with the role of the staff representatives and management style. It was the only element that was core, as the principles involved were fundamental to all staff regardless of organization in that they aimed at ensuring fair treatment and equity across the system.

172. The Commission noted that the Joint Inspection Unit was currently working on a report on the administration of justice in the United Nations system. At a future time, it would request its secretariat, in consultation with the organizations, to review that report and other relevant information and make recommendations as to what further action, if any, might be needed. At an appropriate time, the Joint Inspection Unit could be invited to participate in this exercise.

8. Conclusions

173. The Commission considered that the topics listed above (see paras. 154–172) should be addressed on a priority basis. It noted, however, that the assignments would have to be taken up in accordance with the budgetary resources of the Commission. It therefore wished to ensure that, with the exception of the ethics/standards of conduct and review of the pay and benefits system which it had decided to take

up in 2000, the necessary human and financial resources were in place to deliver these studies before precise reporting dates were set for the other items.

174. The Commission noted that it also had a role in developing policy guidelines for the organizations in the non-core areas. The Commission would revert to this matter at its spring 2000 meeting, at which time it would have before it the completed human resources framework and a clearer notion of the needs of the organizations and how work was progressing in the first two priority areas (see paras. 154–158 above).

Decisions of the Commission

175. The Commission decided to request the working group to meet a final time to complete the work on the integrated framework for human resources management, including the drafting of guiding principles. It would present the complete framework to the General Assembly in 2000, which would be a personnel year in the Fifth Committee of the General Assembly.

176. The Commission established a work programme in view of its considerations in paragraphs 154–174 above, and decided to group the priority items as follows:

Subject	*Delivery date*
1. (a) Ethics/standards of conduct (b) Pay and benefits system	2000
2. (a) Contractual arrangements/types of appointments (b) Mobility	2001
3. (a) Staff well-being (b) Human resources information policy	To be determined
4. Administration of justice	To be determined

177. It further decided that it would decide on a time-frame for items 3 and 4 once it had completed its review of items 1 and 2.

B. Draft standards of conduct for the international civil service

178. The Commission decided at its forty-seventh session to update the 1954 report of the International Civil Service Advisory Board (ICSAB), entitled Standards of Conduct in the International Civil Service, in consultation with the organizations. This was noted by the General Assembly, in its resolution 52/252 of 8 September 1998. To prepare for the revision, the ICSC secretariat forwarded to the organizations of the common system and the staff associations a questionnaire to which most organizations replied. The note prepared by the secretariat took into consideration the suggestions of the organizations.

179. Although the proposed standards largely reproduced the contents of the 1954 Standards, changes had been made in several areas. New sections dealing with gender equality, harassment, conflict of interest and protection of confidential information had been added. Several issues, such as the prohibition on receiving gifts or honours and participation in outside activities, had been discussed in more detail. Provisions of the 1954 Standards that were dated or did not reflect current realities had been omitted. The entire text had been reviewed to modernize the language and render it gender-neutral. Because the proposed standards had been drafted in a more normative style than the 1954 Standards, which were descriptive, they were more concise. They strove for brevity to ensure that they were read by staff.

180. The proposed standards of conduct were forwarded for comment to the organizations and the comments received were set out in the documentation considered by the Commission.

Views of the organizations

181. The Secretary of CCAQ underscored the importance the organizations attached to the Standards of Conduct for the international civil service and to their updating. The 1954 ICSAB document had become part of the culture and heritage of the organizations. It was part of the organizations' "patrimony" and had stood the test of practice for 45 years. CCAQ was grateful for the work done on the proposed standards, and emphasized that the current exercise was meant to be an updating of the 1954 Standards of Conduct, carried out in collaboration with the organizations. The 1954 Standards were the cornerstone of case law within the common system. They consisted of guiding principles, not binding rules, and were descriptive rather than prescriptive, a feature that must be preserved in the updating of the Standards. While it was true that the language of the 1954 Standards might be more attuned to the 1940s and 1950s than to the 1990s, the inspirational tone of the 1954 Standards should not be lost. In view of the above, it was of the utmost importance to bring the 1954 Standards up to date and to incorporate into them any matters that had been missing from the 1954 version. The purpose was not to prepare a new set of standards of conduct.

182. CCAQ had drawn up a list of the elements that, in its view, either were missing from the original 1954 Standards

or required updating. These were the role of elected staff representatives; harassment; sexual harassment; equity of treatment and opportunity; gender equality; probity; privacy/use of information; expanded operational activities; potential conflicts of interest arising from activities requiring close association with other organizations, non-governmental organizations and the private sector.

183. The secretary of CCAQ also noted that the responsibilities of member States and organizations, included in the 1954 document, were lacking in the current draft standards. In fact, the 1954 Standards had been built on the twin pillars of the international civil service — the allegiance owed by staff members to their organizations and the reciprocal duty of member States to refrain from violating the independent nature of the secretariats. For the organizations, it was essential that the reciprocal responsibilities of staff and of member States and organizations be included in the updated document. It was legitimate to refer to the responsibilities of member States since they were spelled out in the Charter of the United Nations and ICSAB had included them in the 1954 report. For the organizations, this was the beginning of a very important process in which the organizations were full participants. It was also necessary to have the staff bodies' participation, which was crucial to the success of the project.

184. The representative of the United Nations emphasized that the strengthening of the international civil service was a key element of the Secretary-General's reform programme. The United Nations would examine any revision to the ICSAB Standards in that light. Although the 1954 Standards continued to meet most of the basic needs of the United Nations, the new developments affecting the work of the organizations justified the revision and updating of the 1954 Standards. That revision must be undertaken in close consultation with the organizations and the staff representatives. The United Nations believed that the Standards should continue to remain as guiding principles, not as binding rules. It should be left to individual organizations to incorporate the principles into their staff rules and regulations, as appropriate, in accordance with their own needs. Some of the language contained in the draft document was ambiguous and at times inappropriate, and might give rise to misunderstanding as to the intent of the Standards. The matter should be carried forward in a working group with the participation of organizations and staff. The Department of Management and the Office of Legal Affairs of the United Nations Secretariat had submitted their comments on the draft standards. Before submitting final comments on the proposed standards, however, other consultations must take place, including consultations with staff representatives. Consultations could not be completed by July 1999.

185. The representative of WHO considered that the draft standards of conduct should have a normative character, like the ICSAB report, instead of being legislative and binding. The language should be inspirational rather than controlling. Some standards could be guiding principles, while others should be incorporated into staff regulations and rules. And needs might vary from one organization to another. There had been a change in approach in human resources management in his organization, consisting of a shift from personnel transaction processing to advising and assisting managers in exercising devolved decision-making. Another important change was that the organization was reaching out to the private sector. Those new arrangements gave rise to special needs for organization-specific standards, as well as a common system framework. Further consultations were required within his organization with regard to the draft standards, including consultations with the staff.

186. The representative of the ILO pointed out that her organization had not replied to the ICSC questionnaire and did not provide comments on the draft standards because there was no agreement within the ILO as to what, if anything, was wrong with the 1954 ICSAB report. The ILO sought guidance from ICSC with respect to the standards, which her organization had reviewed and found useful. The ILO agreed with the comments put forward by WHO. She asked how much of the new standards would have to be incorporated in the regulations. She also queried why certain sections of the 1954 Standards had been omitted, such as article 53. The demands on international civil servants were more complex than those on their national counterparts, hence that notion should be maintained in the new standards. The ILO recognized that the draft standards were simpler, shorter, more concise and more readable than the 1954 Standards. However, by omitting certain parts of the 1954 Standards, there was the danger of losing a great deal. Certain provisions needed further analysis. One example was the definition of harassment. The ILO representative considered that there might be a need for a standard that would provide a mechanism enabling international civil servants to report to higher authorities when they were asked to carry out actions with which they did not agree. The ILO was in favour of guiding principles but considered that more work remained to be done.

187. The representative of ITU noted that the ICSC questionnaire referred to in paragraph 178 above was rather general. The actual draft standards had been forwarded to the organizations in February 1999. ITU had not therefore had sufficient time to complete its review of the standards.

ITU was currently studying several issues dealt with in the standards and would want the Commission to benefit from that work. To do this, however, more time was needed, in order, in particular, to organize appropriate consultation with staff representatives within ITU.

188. The representative of UNESCO stated that her organization greatly appreciated the initiative undertaken by ICSC, and that the draft standards were a good starting point. There had been many changes in the last 50 years and it was time to update the 1954 Standards to reflect that evolution. UNESCO, as well as the UNESCO Staff Association, had sent comments to ICSC on the draft standards. However, her organization's review of the standards was not yet complete. Since that required more time, the review would not be possible by July 1999.

Views of the staff representatives

189. The representative of CCISUA stated that the current draft cautiously reproduced and reworded various articles contained in the 1954 Standards of Conduct. With the exception of a few new sections on gender equality, harassment, conflict of interest and protection of confidential information, it did not deal with a host of new issues before the organizations and the subsequent obligations and responsibilities emanating from those tasks. One example of the new challenges was information technology. The same comment could apply to operational activities and peacekeeping-related issues, non-governmental organizations and the private sector, all of which emanated from a series of new mandates given to the organizations by their legislative bodies. The draft standards in their current form were not inspirational. Instead of providing guiding principles to its users, they seemed rather punitive and militaristic in nature, and did not respect innovation, initiative and freedom of expression. In the various articles, the draft often replaced the term "organization" with "supervisor" and attributed the responsibilities of the supervisors to those of the staff members. Safeguarding the noble objectives of the organization had been overshadowed by the unconditional power granted to supervisors. It was stated that staff members should defend the decisions of supervisors whether or not they accorded with their own opinions, and that failure to obey instructions might constitute insubordination and warrant disciplinary measures. However, supervisors for their part were not subject to sanctions for wrongdoing and inappropriate instructions. In sum, the text in that regard failed to establish any norms for accountability on the part of supervisors.

190. CCISUA considered that the main purpose of the 1954 Standards was to ensure integrity of a belief in the independence of the international civil service. Those noble objectives should not be abandoned by orienting the draft to a sanctions-based approach. Given the needs of today's environment, the United Nations system of organizations had to be prepared and stand ready to respond to a great variety of issues as mandated by the legislative bodies. To that effect, the creation of a proper working environment conducive to productivity in which the staff were able to operate effectively, freely and with complete dedication to the objectives of the organization was a must. Although CCISUA considered the document useful and a good first step, more work needed to be done to complete it. CCISUA agreed with the CCAQ proposal to establish a tripartite working group provided with adequate resources and time to reflect on the required changes. This should not be limited to the concerns of the organizations alone but should include the responsibilities of the organizations vis-à-vis their staff and member States.

Discussion by the Commission

191. The Commission considered that the draft standards provided a good basis for further review and discussion. Although that was true for every area of human resources, it was apparent to ICSC that that particular subject must enjoy the support of the organizations and staff. The Commission noted that the draft standards dealt, in modern and concise language, with new developments and concepts that had not existed, or were of lesser importance, at the time that the 1954 Standards were written. It further noted that the proposed standards had avoided the narrative, philosophical style of the 1954 Standards. While the earlier approach was appropriate to its times, a more practical, less theoretical approach was more in keeping with current trends and practices in national civil services and other forums.

192. The Commission, having listened carefully to the views expressed by the representatives of the organizations and the staff, recognized that the inspirational tone of the earlier report had not been maintained. It was important for the standards to inspire staff by providing them with guiding principles. The Commission considered that to include inspirational language would not conflict with the objective of modernizing the standards.

193. It was noted that the 1954 Standards had been addressed not only to staff but also to organizations and member States, and that the proposed standards had been directed to staff members only. Views were expressed as to the legality and authority of the Commission to set standards for parties other than staff. Since this was nevertheless a preliminary discussion, the Commission would decide at a

later stage if it would maintain the approach in the proposed standards.

194. This led to a brief discussion on the relationship between the legal authority of the standards and the staff rules and regulations of the organizations. It was noted that some organizations wished to decide which part of the standards it would incorporate into their staff rules and regulations.

195. The Commission was of the view that a balance had to be maintained between the obligations of staff and their rights. The draft could be strengthened in terms of the rights of staff. In fact, the title could be amended to demonstrate that the proposed standards were meant also for the protection of staff. The Commission considered that once the standards were agreed upon, the matter of its dissemination would be important. It was essential that the standards be brought to the attention of staff upon recruitment in specially organized information sessions on the subject or in orientation courses. The issue of dissemination should be included in the text of the standards.

196. The Commission agreed that the purpose of updating and modernizing the Standards was to promote ethical behaviour. The proposed standards should therefore take a less punitive approach and focus more on the encouragement of proper behaviour. Fair and open management, characterized by transparent procedures, was increasingly at the very basis of public service ethics.

197. It was evident from the views expressed by the representatives of the organizations and staff that it would be necessary to undertake consensus-building with those parties. The Commission therefore decided to form a two-tier working group to that end. The first Working Group, which would be composed of members of the ICSC and CCAQ secretariats and representatives of the organizations, including legal advisers, and the staff, would meet in October 1999 to work further on the draft standards. Those revisions would be brought to the spring 2000 session of the Commission, which would constitute an open-ended working group of the whole to consider the revised draft.

198. The Commission would have wished to report to the General Assembly at its fifty-fourth session. However, the organizations informed the Commission that commitments to governing bodies and other priorities between the current session and July 1999 would not make it possible for them to participate in a working group in time for a report to the Assembly at its fifty-fourth session.

199. The Commission contributed to the process by undertaking a detailed reading of the proposed standards. It requested its secretariat to ensure that both its report and detailed comments on the draft standards, as well as further views submitted by members, were forwarded to the October working group meeting so that they might be taken into consideration in the development of the revised standards.

Decisions of the Commission

200. In the light of the above, the Commission decided that it would report to the General Assembly in 2000 to ensure the fullest participation and support of the organizations and the staff in the process.

201. The Commission further decided to form a two-tier working group on the subject, as described in paragraph 197 above.

Chapter VI

Proposed amendment by the Administrative Committee on Coordination to the statute of the International Civil Service Commission regarding the establishment of advisory panels

Introduction

202. In a memorandum dated 11 June 1999, the United Nations Legal Counsel informed the Chairman of ICSC that the Administrative Committee on Coordination (ACC) had endorsed an amendment to the ICSC statute proposed by the legal advisers of the United Nations system and requested that the Commission place that amendment before the General Assembly for its consideration.

203. In ACC's view, the proposed amendment to the ICSC statute (see annex VII) would enable the organizations and the Commission to request an advisory opinion from an ad hoc advisory panel on the legality of a decision or recommendation made by the Commission under the authority of its statute before that decision or recommendation was made, or at least before it was implemented by the organizations. The advisory opinion would be given by an ad hoc panel composed of a judge of the United Nations Administrative Tribunal and a judge of the ILO Administrative Tribunal, to be designated by the Presidents of the respective Tribunals, and a third person to be appointed by agreement between the two Presidents, who would act as Chairman of the Panel. The Administrative Tribunals would not be bound by the advisory opinion.

Views of the organizations

204. The Chairman of CCAQ informed the Commission that the legal advisers of the United Nations system had examined the issue of the establishment of advisory panels for several years. The proposed amendment to the ICSC statute was not meant as a criticism of the Commission or its decisions. On a number of occasions, the executive heads were put in a very difficult position with respect to the implementation of some of the Commission's decisions. On the one hand, the Tribunals wanted the executive heads to ensure the legality of Commission decisions before applying them; on the other hand, if they did not implement a decision of the Commission which they believed to be legally flawed, they could be subject to criticism from the governing bodies of their organizations. Furthermore, when Administrative Tribunals overturned decisions of the Commission, it was sometimes necessary to effect retroactive pay and pension adjustments for large numbers of staff affected by the decision, thereby resulting in significant costs and administrative efforts. Accordingly, the legal advisers decided to recommend to ACC the establishment of advisory panels which would provide advisory opinions, under exceptional circumstances, on the legality of a decision of the Commission.

205. The representative of the United Nations noted that the proposed amendment had been submitted to the Commission on behalf of ACC, not the United Nations, which was only a member of that body. The main problem was the uneasiness felt by executive heads when having to implement decisions which they believed to be legally flawed, and the costs involved in having to rectify the situation. He stressed that the reason why the legal advisers had asked the Commission to submit the proposed amendment to the General Assembly was that by doing so, the Assembly would benefit from the comments and suggestions of the Commission. It was also a matter of courtesy towards the Commission. The proposed solution was not perfect but, in the view of the legal advisers of the United Nations system, it was the best approach. Regarding the scope of the problem, it was not the number of decisions that was important but the fact that when a decision was overturned this was costly to the organizations. He added that the establishment of advisory panels was not a precedent within the United Nations system since the International Court of Justice had the power to render binding as well as non-binding advisory opinions.

Discussion by the Commission

206. The Commission noted at the outset that neither ICSC nor its secretariat had been consulted by ACC or the legal advisers on the proposed amendment to the ICSC statute. Also, the note from the legal advisers might give the impression that the Commission's decisions were frequently successfully challenged before the Administrative Tribunals of the United Nations system, which was not the case. In fact, the opposite was true. In the vast majority of cases, the Administrative Tribunals had upheld Commission decisions. The Commission doubted the need for referring decisions to the proposed advisory panels, as ICSC would not take a decision which it believed was legally flawed.

207. One member of the Commission favoured the establishment of advisory panels. He pointed out that the creation of a body which rendered advisory opinions was not a precedent. Such panels existed within and outside the United Nations system, for example, the *Conseil d'Etat* in France.

208. In his view, these panels would add value because they allowed parties, before a decision was made, to obtain an authoritative statement of the law on the legality of the decision.

209. He also stressed that the proposed advisory panels would function properly only if two indispensable conditions were met : (a) the requests for advisory opinions should be limited to decisions that could be challenged before the Administrative Tribunals, and (b) the ad hoc panels should be required to provide the advisory opinions within a short time-frame.

210. Most members of the Commission opposed the establishment of advisory panels. There was no need for such a review mechanism since there were so few Commission decisions and recommendations that had been successfully challenged before the Administrative Tribunals. The legal advisers of the United Nations system had singled out only four such cases in the past 25 years. In some of those cases, flawed legal analysis was not the basis for those challenges.

211. They added that the establishment of advisory panels would result in adding a step in an already long and complex judicial process, and would further delay implementation of ICSC decisions and recommendations, thereby disrupting the system. Since each advisory panel would have to establish its own rules of procedure, there could be lengthy disputes, given the adversarial nature of the cases, at the early stage of the proceedings. The complexity of Commission decisions would also require that the parties be provided sufficient time to prepare their briefs. Currently, the turnaround time for complaints relating to Commission decisions was one year and a half. Even if the advisory panels processed the requests for advisory opinions on a

priority basis, it would probably take at least six months to obtain an advisory opinion. This would significantly slow down the Commission's decision-making process.

212. Those members also considered that the usefulness of the advisory panels was doubtful since their advisory opinions would not be binding on the Administrative Tribunals, the organizations and the staff representatives. Staff representatives could very well, even in the face of an unfavourable advisory opinion, lodge a complaint before the Administrative Tribunals on the same issue. Therefore, the advisory opinions would not necessarily be a deterrent to further litigation.

213. Attention was also drawn to the fact that the Presidents and members of the Administrative Tribunals had expressed serious reservations about the proposal for establishing advisory panels. They favoured the option of having the organizations consult the legal advisers of the United Nations system, an approach which was favoured by most members of ICSC. This would ensure that organizations obtained legal views from legal advisers across the system.

214. It was also noted that other than the International Court of Justice, there was no precedent for this type of judicial body within the United Nations system. A further consideration was the added cost in submitting the Commission's views to the advisory panels.

Decision of the Commission

215. The Commission decided to submit the above observations on the proposal of ACC to the General Assembly. The Commission decided to request its Chairman to forward those observations to the United Nations Legal Counsel, and to request that should ACC decide to submit the proposed amendment to the General Assembly, it attach ICSC's comments to its submission.

Notes

[1] See *Official Records of the General Assembly, Thirty-first Session, Supplement No. 30* (A/31/30), para. 10.

[2] See *Official Records of the General Assembly, Fifty-third Session, Supplement No. 30* (A/53/30).

[3] See General Assembly resolutions 48/224, sect. II.G; 50/208, sect. I.B, para. 2; 51/216, sect. I.E, para. 3; and 52/216, sect. I.D.

[4] See *Official Records of the General Assembly, Fiftieth Session, Supplement No. 30* (A/50/30), paras. 298–319; ibid., *Fifty-first Session, Supplement No. 30* (A/51/30), paras. 189–194; ibid., *Fifty-second Session, Supplement No. 30* (A/52/30), paras. 63–102 and annexes VII–XIV; and ibid., *Fifty-third Session, Supplement No. 30* (A/53/30), paras. 142–157.

[5] The views of the Commission's Legal Consultant are contained in ibid., *Fiftieth Session, Supplement No. 30* (A/50/30), annex XIV; and those of the United Nations Legal Counsel in ibid., *Fifty-second Session, Supplement No. 30* (A/52/30), annex XIV.

[6] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), paras. 103–131, and annexes XVI and XVII.

[7] Ibid., paras. 110–115.

[8] See Organisation for Economic Cooperation and Development, "Integrating people management into public service reform", 1995.

[9] See Commonwealth Secretariat, "Redrawing the lines: service commissions and the delegation of personnel management", *Managing the Public Service: Strategies for Improvement Series*, No. 2.

[10] See "Partnership for capacity-building in Africa: strategy and programme of action", report of the African Governors of the World Bank to the President of the World Bank Group, dated 28 September 1996.

Annex I

Programme of work of the International Civil Service Commission for the biennium 2000–2001

Fifty-first session (spring 2000)

1. Conditions of service of the Professional and higher categories:
   (a) Base/floor salary scale;
   (b) Establishment of grade equivalencies between the United Nations/United States systems;
   (c) Report of the twenty-third session of the Advisory Committee on Personnel and Administrative Questions.
2. Conditions of service of the General Service and other locally recruited staff:
   (a) Survey of best prevailing conditions of employment at Montreal;
   (b) Review of the headquarters survey methodology: Administrative Tribunal judgements on the phasing out of the language factor in Rome and at Vienna.
3. Framework for human resources management:
   (a) Report of the working group on the human resources framework;
   (b) Review of the pay and benefits system;
   (c) Draft standards of conduct for the international civil service.

Fifty-second session (summer 2000)

1. Conditions of service of the Professional and higher categories:
   (a) Evolution of the United Nations/United States net remuneration margin;
   (b) Review of the rationale, scope, methodology and level of children's and secondary dependant's children allowances.
2. Conditions of service of the General Service and other locally recruited staff:
   (a) Survey of best prevailing conditions of employment in New York;
   (b) Salaries of Paris staff: developments regarding hours of work and the French tax system.
3. Review of the level of the education grant.
4. Recognition of language knowledge: further study requested by the General Assembly in its resolution 5/209, section II.B.
5. Human resources management — review of the pay and benefits system.
6. Implementation by organizations of the decisions and recommendations of the International Civil Service Commission.

Fifty-third session (spring 2001)

1. Conditions of service of the Professional and higher categories:
   (a) Base/floor salary scale;
   (b) Total compensation comparison between the United Nations and United States systems;
   (c) Total compensation comparisons between the United States civil service and those of other potential comparators;
   (d) Report of the twenty-fourth session of the Advisory Committee on Personnel and Administrative Questions.
2. Conditions of service of the General Service and other locally recruited staff: survey of best prevailing conditions of employment in Rome.
3. Framework for human resources management:
   (a) Contractual arrangements/types of appointment;
   (b) Inter-organizational mobility.

Fifty-fourth session (summer 2001)

1. Conditions of service of the Professional and higher categories:
   (a) Evolution of the United Nations/United States net remuneration margin;
   (b) Application of the Noblemaire principle: study of the use of a basket of comparators.
2. Conditions of service of the General Service and other locally recruited staff:
   (a) Survey of best prevailing conditions of employment at Geneva;
   (b) Dependency allowances: review of the floor formula.
3. Review of the methodology for the education grant.
4. Framework for human resources management:
   (a) Contractual arrangements/types of appointment;
   (b) Inter-organizational mobility.
5. Report on gender balance.

Annex II

Comparison of average net remuneration of United Nations officials from the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades

(Margin for calendar year 1999)

	Net remuneration (United States dollars)		*United Nations/ United States ratios (United States, Washington, D.C. = 100)*	*United Nations/ United States ratios adjusted for cost-of-living differential*	*Weights for calculation of overall ratio*[c]
Grade	*United Nations*[a,b]	*United States*			
P-1	50 907	33 364	152.6	132.6	0.2
P-2	62 326	45 708	136.4	118.5	6.6
P-3	75 673	53 759	140.8	122.3	22.9
P-4	89 818	69 170	129.9	112.9	31.9
P-5	104 370	80 935	129.0	112.1	26.0
D-1	113 694	95 543	119.0	103.4	9.3
D-2	121 922	100 311	121.5	105.6	3.0
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					131.3
New York/Washington, D.C., cost-of-living ratio					115.1
Weighted average ratio adjusted for cost-of-living difference					114.1

[a] Average United Nations net salaries at dependency level by grade reflecting two months at multiplier 46.5 (on the basis of the salary scale effective through 28 February 1999), eight months at multiplier 43 and two months at multiplier 49 (on the basis of the salary scale in effect from 1 March 1999).

[b] For the calculation of the average United Nations salaries, CCAQ personnel statistics as of 31 December 1996 were used. Statistics as at 31 December 1995 were used for 1998.

[c] These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at headquarters and established offices as at 31 December 1996.

Annex III

Revised procedure for determining the base/floor salary scale for implementation effective 1 March 2000

Step 1. Calculate the revised net base/floor salaries at the dependency and single rates at each grade and step by increasing the corresponding net salaries from the existing scale by a predetermined percentage by which the existing base/floor salary scale is to be increased.

Step 2. Calculate the revised gross base/floor salaries at each grade and step by the addition of staff assessment for those with dependants to the revised net base salaries at the dependency rate obtained in step 1 above.

The revised salary scale will thus have three amounts at each grade and step, namely, gross salaries and net salaries at the dependency and single rates. Staff assessment amounts for those receiving remuneration at the single rate would be equal to the difference between the gross salary amounts and the corresponding net salary amounts at the single rate.

Annex IV

Staff assessment to be used in conjunction with gross base salaries (effective 1 March 2000)

A. Staff assessment rates for those with dependants

Assessable income (United States dollars)	*Staff assessment rates for those with a dependent spouse or a dependent child (percentage)*
First 30 000	18
Next 30 000	28
Next 30 000	34
Remaining assessable payments	38

B. Staff assessment of those without dependants

Staff assessment amounts for those with neither a dependent spouse nor a dependent child would be equal to the differences between the gross salaries at different grades and steps and the corresponding net salaries at the single rate.

Annex V

Salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment[a]

Effective 1 March 2000

(United States dollars)

Level		*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
USG	Gross	158 132														
	Net D	108 242														
	Net S	97 411														
ASG	Gross	143 674														
	Net D	99 278														
	Net S	89 899														
D-2	Gross	117 550	120 165	122 777	125 389	128 002	130 615									
	Net D	83 081	84 702	86 322	87 941	89 561	91 181									
	Net S	76 325	77 683	79 041	80 398	81 756	83 113									
D-1	Gross	103 763	106 000	108 239	110 471	112 710	114 947	117 185	119 423	121 658						
	Net D	74 533	75 920	77 308	78 692	80 080	81 467	82 855	84 242	85 628						
	Net S	68 893	70 112	71 329	72 545	73 763	74 972	76 135	77 297	78 459						
P-5	Gross	91 215	93 239	95 265	97 289	99 313	101 335	103 361	105 385	107 408	109 434	111 458	113 481	115 505		
	Net D	66 753	68 008	69 264	70 519	71 774	73 028	74 284	75 539	76 793	78 049	79 304	80 558	81 813		
	Net S	62 014	63 164	64 267	65 370	66 471	67 572	68 674	69 776	70 878	71 980	73 082	74 183	75 262		
P-4	Gross	75 424	77 282	79 135	80 986	82 844	84 697	86 552	88 406	90 279	92 252	94 224	96 202	98 174	100 148	102 124
	Net D	56 380	57 606	58 829	60 051	61 277	62 500	63 724	64 948	66 173	67 396	68 619	69 845	71 068	72 292	73 517
	Net S	52 503	53 629	54 751	55 872	56 996	58 116	59 238	60 360	61 481	62 603	63 701	64 778	65 852	66 926	68 002
P-3	Gross	61 730	63 473	65 217	66 956	68 700	70 441	72 182	73 926	75 668	77 411	79 153	80 894	82 636	84 377	86 121
	Net D	47 342	48 492	49 643	50 791	51 942	53 091	54 240	55 391	56 541	57 691	58 841	59 990	61 140	62 289	63 440
	Net S	44 191	45 248	46 307	47 364	48 422	49 479	50 536	51 594	52 650	53 708	54 762	55 816	56 870	57 923	58 977
P-2	Gross	50 349	51 779	53 206	54 635	56 063	57 490	58 919	60 377	61 938	63 495	65 052	66 612			
	Net D	39 251	40 281	41 308	42 337	43 365	44 393	45 422	46 449	47 479	48 507	49 534	50 564			
	Net S	36 815	37 749	38 680	39 612	40 543	41 477	42 424	43 368	44 317	45 263	46 208	47 155			
P-1	Gross	38 988	40 363	41 735	43 108	44 479	45 851	47 226	48 599	49 969	51 343					
	Net D	31 071	32 061	33 049	34 038	35 025	36 013	37 003	37 991	38 978	39 967					
	Net S	29 310	30 221	31 131	32 043	32 953	33 863	34 775	35 674	36 568	37 465					

D = Rate applicable to staff members with a dependent spouse or child

S = Rate applicable to staff members with no dependent spouse or child

[a] This scale will be implemented in conjunction with a consolidation of 3.42 per cent of post adjustment. There will be consequential adjustments in post adjustment indices and multipliers at all duty stations effective 1 March 2000. Thereafter, changes in post adjustment classifications will be implemented on the basis of the movements of the consolidated post adjustment indices.

Annex VI

Recommended General Service salary scale for Paris, based on the 1999 Paris salary survey

(French francs)

	LEVEL															
Grade	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*	*XVI*
GS-1	123 470	127 668	131 866	136 064	140 262	144 460	148 658	152 856	157 054	161 252	165 450	169 648	173 846	178 044		
GS-2	136 987	141 645	146 302	150 960	155 617	160 275	164 932	169 590	174 247	178 905	183 563	188 220	192 878	197 535		
GS-3	151 984	157 151	162 319	167 486	172 654	177 821	182 989	188 156	193 324	198 491	203 659	208 826	213 993	219 161	224 328	
GS-4	168 622	174 355	180 088	185 821	191 555	197 288	203 021	208 754	214 487	220 220	225 953	231 687	237 420	243 153	248 886	254 619
GS-5	187 082	193 443	199 804	206 164	212 525	218 886	225 247	231 608	237 968	244 329	250 690	257 051	263 411	269 772	276 133	
GS-6	207 562	214 619	221 676	228 733	235 790	242 848	249 905	256 962	264 019	271 076	278 133	285 190	292 247	299 304		
GS-7	230 285	238 115	245 944	253 774	261 604	269 433	277 263	285 093	292 923	300 752	308 582	316 412	324 241	332 071		

Annex VII

Proposed amendment by the Administrative Committee on Coordination to the statute of the International Civil Service Commission

Under a proposal by ACC, the following article would be added to the ICSC statute:

Article 18 *bis*

1. The Commission may request an advisory opinion regarding the legality of any decision or recommendation taken or to be taken under the present statute from an ad hoc advisory panel.

2. The executive head of any of the organizations may request an advisory opinion from the Ad Hoc Advisory Panel regarding the legality of any measure based in whole or in part on a decision or recommendation referred to in paragraph 1 which is being considered for adoption or implementation in the organization concerned.

3. An Ad Hoc Advisory Panel shall be established upon the request for an advisory opinion by the Commission or the executive head of any of the organizations, and shall be composed of a judge of the United Nations Administrative Tribunal and a judge of the International Labour Organization Administrative Tribunal, to be designated by the President of the respective Administrative Tribunal, and a third person to be appointed by agreement between the two Presidents, who shall act as Chairman of the Panel.

4. The Ad Hoc Advisory Panel shall establish its own procedures, which shall make provision for the presentation in any proceedings before the Panel of other organizations that so request and of staff representatives on behalf of staff whose rights may be affected by the implementation of the decision or recommendation.

5. The expenses of the Ad Hoc Advisory Panel shall be borne by the Commission in the case of a request referred to in paragraph 1 or, in the case of a request under paragraph 2, by the requesting organization or organizations.

99-23735 (E) 200999